The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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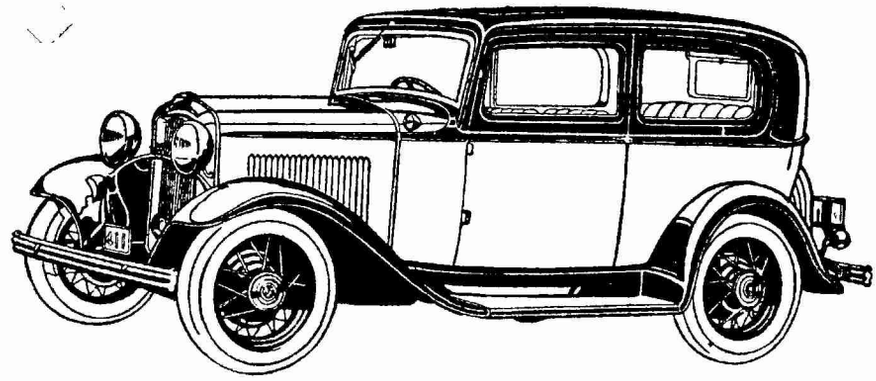

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WASHINGTON OFFICE
J. J. Underwood—Correspondent
Colorado Building, Washington, D. C.

FILIPINO INDEPENDENCE WILL HURT AMERICAN TRANS-PACIFIC SHIPPING

THERE is one aspect of the project for freeing the Filipinos from American rule that has not received the attention it deserves, although a short reference to it was made in a recent telegram from New York, quoting from *The Index*, the house organ for the New York Trust Co. As is well known, there is free trade between the Philippine Islands and the mainland of the United States. This means that American goods have had free entry into the Islands and Philippine products have had free entry into the United States. The natural result has been that the Filipinos have bought more American products than they have of products brought from all the other countries of the world combined—this because of the fact that the latter have had to surmount a fairly high tariff wall. As regards products exported from the Philippine Islands, the United States takes three times as many as are shipped to all other countries combined. The Filipino article which benefits particularly from the privilege of free entry into the United States is sugar, on which there is a duty of a little over two cents a pound, and which works out ad-valorem, because of the present low price of sugar, around two hundred per cent.

The point made by *The Index* is that the amount of the free trade with the Philippines is so considerable that when it is cut off there will be such a dent made into American Far Eastern trade in general that American business men will eventually lose interest in trade in this part of the world. *The Index* may be overstating the situation so far as general business is concerned, but there can be little doubt about it that the eventual closing of free trade between the Philippine Islands and the United States will have a serious influence on American shipping in the Pacific. Under existing conditions there is a great impetus to Americans to engage in the shipping business because the terminus of the Pacific route, that is Manila, is an entrepot which receives cargo from the original shipping point in the United States without payment of duty. This means that a large cargo is ensured for ships running between the two terminal points—probably enough to warrant a direct run from the west coast of America to the Philippines, in case profitable ports were not, as they are, to be touched at enroute.

For some reason or other, even though the Philippine Islands are American possessions, the same rule does not apply to the Philippines as applies to Hawaii, namely that ships not flying the American flag may not carry either passengers or freight, and so Japanese or British ships may compete with American ships out of Manila to the United States, whereas they may not do so out of Hawaii. Nevertheless the average American shipper, largely actuated by patriotic reasons, prefers to ship by American lines to the Philippines. Undoubtedly the stopping of free trade between the Islands and the mainland will come with their independence, and this will inevitably mean a reduction in the volume of traffic with the United States. It is ships flying the American flag that will feel the change most.

DOCTORS IN SHANGHAI---AND ELSEWHERE

SEVERAL recent events in Shanghai have drawn the public's attention to doctors in a striking manner. The two events we particularly refer to are: (1) that Dr. R. J. Marshall, a member of the "M" firm, in a recent letter to the daily press took a "fall" out of Bernard Shaw for something the latter wrote about vaccination five years ago, the matter evidently having become important in the doctor's mind owing to the fact that Bernard Shaw is making a trip around the world, which will include Shanghai; and (2) a young Russian murdered a Parsee "herb" doctor in Shanghai several days ago because the latter allegedly had so treated (or mistreated) the former as to infect him with an incurable disease and therefore the Russian decided to kill the doctor so as to prevent him from causing similar harm to other patients. The Russian youth is now being tried in the Chinese courts in the French Concession and his defense is along the line above indicated. The Russian in his evidence in court stated that when he found as a result of his following the Parsee's advice he was getting worse, he consulted a British doctor, who told him that the Parsee herb doctor's treatment had resulted in making his (the Russian's) case hopeless. The Russian youth, Satnikoff by name, committed the deed with a Browning pistol, shooting the Parsee doctor named Tachakara dead at the latter's home in Avenue Dubail, on the afternoon of January 4. The incident, although it occurred in the French Concession will not be without its effect on the Shanghai Municipal Council, which is busily engaged in collecting the material necessary incidental to the scheme of registering medical practitioners—a procedure the wisdom of which is now made more evident than ever when the point has been reached where a patient murders his doctor because some other doctor has told him that he was being treated by a "quack."

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The practice of medicine throughout the world, and in Shanghai particularly, is far from being placed on the basis that it ought to be, and a few more Bernard Shaws would do the whole profession considerable good. There is an air of mystery and secrecy incidental to medical practice which goes back to the Middle Ages, and it is high time that a great deal of it was thrown overboard. Plainly put, the situation as regards many a person having an ailment—nowhere more true than here in Shanghai—is that he must run the gauntlet of consulting doctors blindly, without any indication or assurance that the doctor he is consulting is expert, or competent, or even conversant with the particular ailment that the patient is troubled with. The instances of this are much more numerous than the public generally is aware of, and the pity of it is that the medical profession itself is privy to a system which makes it impossible for the general public to learn of a doctor or surgeon's principal qualifications except by hearsay. The situation generally is that this or that patient recovers after having been treated by some one doctor (probably would have recovered in any event) and ever after that said patient praises the qualifications of that particular doctor to his friends, but that does not prevent that doctor when treating the clientele that results as a result of the praise, frequently taking in a class of cases which, in these days of specialization, he is utterly incompetent to treat. Nor are many doctors in Shanghai—as elsewhere, but particularly here where the urge to make money and retire is even greater than in most parts of the world—above treating with a view to alleviating *symptoms* instead of making a thorough study of *causes*. Unfortunately the average doctor's interest in his profession as a science after he leaves the medical school is in inverse proportion to his interest in making money out of an extended practice. There are, indeed—all honor to them—some doctors who bravely set aside the temptations of a profession as at present practiced, which profits in proportion as people are ill, and not well, but their number is relatively small. Things would improve very much if doctors were paid in proportion as their patients enjoy good health, and not bad health—as is the case at present.

It has often been said that it is only the very rich and the very poor who get first-class medical attendance; the middle class has to pay heavily for it. This is principally the case in large cities in America, where, through the beneficence either of religious societies or of individual donors wonderfully efficient clinics have been established where the poor may receive expert service for a nominal sum. Whether or not vaccination is all that it is cracked up to be in the fight against small-pox is still a moot point in many people's minds. Bernarr Macfadden, the prominent American health specialist, claims that whatever immunity may be gained in one direction by vaccination or inoculation is counterbalanced by the body being weakened in other directions. The real specific against small-pox, or any other virulent disease, he claims, is to have a strong body.

Dr. Marshall's letter concerning Bernard Shaw, it may be mentioned incidentally, gave the inspiration to "Pioneer's Daughter" to write to the daily press pointing out that the learned doctor ought to have published some statistics of the Isolation hospital in support of his contentions, somewhat on the lines adopted by Dr. Wu Lien-teh when reporting on the recent cholera epidemic. G. W. M.

WILL AMERICA REMAIN ON THE GOLD STANDARD ?

RECENT telegrams from various parts of the world again raise the question of whether America will eventually go off the gold standard. Probably the most prominent American to urge that America should go off the gold standard is Senator Borah, Chairman of the Senate Foreign Relations Committee. There have been several times in the past hints from various quarters that America would eventually be *forced* off the gold standard. Recent increases in the supply of gold in the United States show that if America should ever go off the gold standard it will not be a matter of compulsion, as it was in the case with England, Japan, or indeed of most other countries, where there simply was not enough gold left in reserve to pay off outstanding obligations in the yellow metal and therefore, quite naturally, these various countries stopped doing so, in fact there was no alternative. Senator Borah's recommendation to go off the gold standard is, however, based on the idea of expediency. His argument is that a cheaper dollar would be a great benefit to the country in general. In the course of a speech in the Senate on the night of January 4 he asserted that the price of commodities would be increased by restoring silver to the place it occupied in the Orient prior to 1925. If this could not be done through an international conference, such as the coming World Economic Conference, he was in favor of United States action.

Senator Borah added that America could not remain on the gold standard without devaluating the dollar or increasing the monetary supply.

***

The most recent section of the world to suspend gold payments—which really is the correct term; "going off the gold standard" is a misnomer—is the Union of South Africa. This is the most paradoxical situation of any that exists in the whole world, as the Union of South Africa produces more gold than any other country in the world—more than half of the world's total production, and almost five times as much as the United States. The Minister of Finance at Pretoria stated Dec. 30 that there would be no attempt to tie the Union pound to the British pound, which means that the "pounds" of the two countries will fluctuate independently of each other.

It is a signifiant fact that a report recently issued by the U. S. Department of Commerce reciting the situation in regard to the various countries of the world in relation to the gold standard has been given wide circulation throughout the world. The U. S. Department of Commerce's report called attention to the fact that, including the Union of South Africa, 45 countries were now off the gold standard. These countries include the United Kingdom, Sweden, Norway, Finland, Denmark, Greece, Portugal, Spain, Japan, India, Siam, the Straits Settlements, a dozen Latin American countries, North Rhodesia, South Rhodesia, Nyassaland, Mozambique, Egypt and Palestine. Thirty-four of these have officially suspended the operation of the gold standard, the report adds, and either have reduced the values of their domestic currencies in terms of gold or prohibited the use of their domestic currencies in terms of the use of their gold in international transactions, and so caused their currencies to decline. Eleven other countries, including Austria, Germany and Hungary are classified in the report as being virtually off the gold standard and as having a restricted amount of foreign currency that may be used.

The first step towards greater stability in international currencies, according to American opinion, quoted by a *Reuter* despatch, must be for Great Britain to restore the gold standard, since other countries, which trade most heavily with Britain, cannot afford to have their currencies fluctuate too widely from the British pound.

This, it may be noted, is a "counsel of perfection," as no one knows better than American financiers that Great Britain is not in a position at the present time to restore the gold standard. It will probably in the end be a case of Mahomet going to the mountain, seeing that the mountain will not go to Mahomet. That the banks in Shanghai realize that America may in due course go off the gold standard is indicated by the fact that it has been for some time impossible to open a credit in United States *gold* dollars; the documents have been changed to read "dollars, U. S. currency."

A net increase of G.$17,174,000 in the gold stock of the United States during the week ended Jan. 4 was reported in the most recent weekly statement of the Federal Reserve Board. Regarded as particularly signficant was the relatively large importation of gold from France, continuing the recent reversal of the current which last summer drained millions from America. The week's imports from France amounted to G.$6,885,000, these shipments bringing the total coming from that country in two weeks to more than G.$30,000,000. The Japanese Government, end of December sent gold to the value of Yen 13,500,000 to America by the s.s. *Tokai Maru*. It was the seventh gold shipment to the United States since the reimposition of the gold embargo.

VISCOUNT ISHII'S MISSION MAY BE ABANDONED

IN connection with the postponement of Viscount Ishii's departure for Europe, the *Miyako* recently stated that it is due to the opposition of some diplomatic and military authorities as well as the Japanese delegation at Geneva to his visit to Europe at the present time, rather than to impaired health as nominally given out. It is even considered that the dispatch of Viscount Ishii to Europe may be abandoned altogether, or if he is to go to Europe at all, it will be after the debate of the Sino-Japanese dispute in the League is over. As the reasons for opposition, it is mentioned that in so far as the Manchurian problem is concerned, the Japanese delegation at Geneva is doing its very best in accordance with the settled policy of the Government, and with good result; besides, even though the object of Viscount Ishii's dispatch is to promote the Powers' understanding of the present dispute from outside the League, the choice of a diplomat of exalted rank for the mission is tantamount to belittling the efforts now being made by the Japanese delegation; and in any event it could be more advisable for Japan not to show over-eagerness to advance her cause by various diplomatic means.

WAS SHANGHAI SAVED BY TREACHERY?

THE reports from Geneva alleging that England and France secretly consented not to interfere in the Manchurian situation at the time of the Japanese withdrawal from Shanghai may or may not be true, but they are sufficiently true to form, in view of what has gone before, to put every one interested in the subject on enquiry. The telegram concerning the matter read as follows:

SECRET AGREEMENT OF FRANCE, ENGLAND AND JAPAN REPORTED

Nanking, Jan. 7.—Chinese press reports from Geneva state that, according to information allegedly emanating from American sources, England and France secretly consented not to interfere in the Manchurian situation at the time of the Japanese withdrawal from Shanghai. The reports are prominently featured today in the Chinese press under indignant headings.—*Reuter.*

The allegation, it will be noted, is that England and France, evidently because of the large interests they have in Shanghai, which were being badly hit by the Japanese attack, were willing to promise Japan that they would give the latter a free hand in Manchuria if only she would get out of Shanghai. The reason why such a report is believable is that by a similar bit of treachery during the World War, various European countries, among which were France and England, agreed secretly with Japan, that the latter should have Shantung in exchange for certain favors that Japan at the time was in a position to render the various powers that were then at death grips with Germany. Those secret treaties constituted treachery to the *n*th degree, as they were made at the time when the various European powers, including America, were doing everything in their power to induce China to declare war against Germany. With one hand the European nations concerned were holding out the hand of friendship to China; with the other they were stabbing her in the back. The United States went to war against Germany blissfully ignorant of the fact that the European powers had made a secret treaty with Japan to have the latter hold on to Shantung—a state of affairs that was absolutely opposed to American policy. It was only when President Wilson went to Versailles to engage in the peace treaty negotiations that the various ignoble treaties that had been made concerning Shantung with Japan were brought to light. Their discovery led to China refusing to sign the peace treaty; nor did America do so. As said above, with such a background any report concerning what certain European powers may have agreed with Japan concerning Shanghai is quite believable, and it is no wonder, as *Reuter's* telegram stated, that the "reports are prominently featured in the Chinese press under indignant headings."

Admiral Osumi Becomes Japanese Minister of Navy

Admiral Mineo Osumi, who was Minister of the Navy in the Inukai Cabinet, was installed in the Navy portfolio in Mr. Saito's Ministry at Tokyo Jan 9. He succeeds Admiral K. Okada. The new Minister of the Navy is 56 years of age and has had a distinguished career. He is recognized in Japan as the hero of the Port Arthur blockade in the Russo-Japanese War. He has acted as the Japanese Naval Attaché in France, and represented his country at the Washington Disarmament Conference and the second League of Nations Conference.

Following the appointment of Admiral Osumi to the post of Minister of the Navy, predictions are made freely in Tokyo that the present Cabinet would be compelled to resign before the end of the present session of the Diet. Rumors have been persistent that there was friction between the various Ministries and that Admiral Okada had at times prevented an open break. The Diet will reconvene January 21 and some predict that a tense political situation will develop in the early sessions.

With the re-opening of the Diet session, the Minseito, the largest party but one in Parliament, is drawing up policies to be followed. In view of the friendly attitude of the Minseito towards the coalition cabinet under Admiral Viscount Saito, it is unlikely that members of this party will obstruct the smooth proceedings at the forthcoming session. It is indicated that, if the Seiyukai should try to create difficulties by openly opposing the Government, the Minseito will rally to the Premier's support. Meanwhile, the Kuomin Domei, the new party under the leadership of K. Adachi, which is adopting an independent stand, is expected to adopt a strictly critical attitude.

⁂

Japanese Confident of Good Trade Returns in 1933

Japan's foreign trade for 1932 registered an adverse balance of about Yen 23,000,000. As the import excess last year was four times as much, this result is considered by the Japanese highly satisfactory. Collating the views of trade circles the *Asahi* says that though the rise in commodity prices will cause both export and import figures to mount the balance next year will witness a further improvement, with signs of exports even exceeding imports.

During the first half of this year imports into Japan exceeded exports by Yen 265,000,000. This big adverse balance was due to speculative imports which were made in anticipation of a fall in the yen, a rise in commodity prices and an increase in tariffs. In the new year, however, the yen exchange is likely to maintain the $20 level, the Japanese confidently believe. Too radical a rise in cotton yarn prices is making cotton cloth exports difficult and this fact will spoil speculative imports of raw cotton.

⁂

How the New Japanese Budget Is Allocated

As already reported, the Japanese Government has formally fixed the new Budget and made it public. It explains the broad lines along which the new Budget has been compiled as follows:—

In the next fiscal year, as in the present, there is need for appropriating the Manchurian affair and emergency relief costs, and, moreover, it is imperative that provision should be made for armaments improvement and for the increase of expenditure on account of exchange fluctuations. On the other hand, the present financial situation is not suitable for the initiation of revenue increase programs by means of tax increases. In such circumstances, it has been arranged to make up revenue deficit by loan issues. Thus, the new Budget has been compiled chiefly along the following lines:

1.—In regard to armaments improvement, such expenditure as is of urgent necessity has been appropriated.

2.—As regards the Manchurian affair expenditure, the sums required for the fiscal year under review have been estimated, in view of the present state of Manchuria.

3.—The expenditure deemed necessary for the improvement of agrarian interests and for the relief of other distressed classes has been appropriated.

4.—New items of expenditure have been excluded as far as possible, except those absolutely unavoidable, such as the increase of payments, principal and interest, on national loans due to exchange fluctuations.

5.—The new arrangement has been made so that the loss in exchange may be borne by the general account and special accounts concerned respectively.

6.—As tax increase and other plans for increasing revenue have been refrained from, it has been arranged that the budgetary deficit should be covered by loan issues.

Western World Being Humiliated More Than China Is

ONE fact that should not be lost sight of in connection with the renewed Japanese assault on the integrity of China is that, as a result, the Western world is being humiliated, at least for the time being, more than China is or will be. *Collier's Weekly*, one of the leading American weekly journals, in a recent issue printed an interview quoting Lord Lytton, the British member and the chairman of the recent League Manchurian Commission of Enquiry, as saying that Japan in her present state of mind is in no mood to be bluffed and could hurl herself against any nation or combination of nations, regardless of circumstances, Lord Lytton adding that the World ought to know the true state of mind now prevailing in Japan. Other points in the Lytton interview are given below.

"A little cloud appeared on the Far Eastern horizon in September 1931, and it has now grown into a very threatening storm which overshadows the whole of international relations," the magazine quotes Lord Lytton as saying.

"Japan is in no mood to be ordered about. Her attitude toward the World at the moment is defensive. That is always dangerous. That attitude can be changed only by sympathy and understanding."

The interviewer then reports that Lord Lytton recalled the story of the three Japanese soldiers who dynamited themselves so that the Japanese forces might break through the barbed wire entanglements at Shanghai early this year, and compared the whole of Japan as akin in spirit to those soldiers.

"In dealing with Japan the rest of the World ought to realise this fact," Lord Lytton is reported to have said. "Just now she is in no mood to be bluffed. She is like a dynamite bomb, very explosive material. If shocked she will explode in the face of the World.

"In her present state of mind she is like the three soldiers and could wrap herself in dynamite and hurl herself against any nation or combination of nations."

Lord Lytton is quoted as adding that Japan is inclined to look upon the Chinese as one who has newly arrived at a high social state might regard his still countrified relations, and feels that the present affair is a family matter and that no outsider can really understand the issues.

Probably the noble Lord has correctly interpreted Japan's state of mind, but one is rather surprised that he should express himself thus. Is it meant as a hint to indicate that Britain, no matter what Japan is doing now or may do in the future, has no intention of lifting a finger? The United States has at any rate stated its position clearly, even though there is no indication that any aggressive action against Japan is contemplated, at least for the present. But it is becoming daily more apparent that Japan has cleverly taken advantage of the fact that the League of Nations does not intend to interfere in the Far East, no matter what Japan may do, regardless of how many pacts or treaties she may violate; and America to date has done nothing more than to enter protests and put the matter up to the League to take action first. It has been a case once more of: "Who will be the cat?" and the answer has been: "Nobody." The Chinese, after having spent hundreds of thousands of dollars, in presenting their case to the League of Nations, have now begun to realize to their bitter chagrin that all their efforts and all their money have been wasted.

In the end the Chinese may be compelled to bow the knee before the Japanese God of War, and then the Japanese with taunting sneers can come to them and say, "Ah, you put your trust in the Western world didn't you? You weren't satisfied to put your trust in a neighboring country of a kindred race. Oh no, you thought the League and America would come to your rescue. But they haven't done so, have they? Whatever fighting on your side that was to be done you had to do yourself, hadn't you? All right, we'll be generous, we've beaten you, but we bear you no ill will. The real people we wanted to hit were the nations on the other side of the world whom we have taught to mind their own business. Now you just follow our lead, and with your help we'll show them a thing or two."

These few lines are not written in a bellicose vein. To challenge Japan at this time would undoubtedly mean a world war, even a greater one than that which broke out in 1914. But the fact that it is hoped to drive home with these few lines is that the absence of a definite challenge to Japan in its present swashbuckling spree means that the Western World has been humiliated in a way it has not experienced since Saladin turned back the Crusaders. The humiliation that the Chinese may eventually suffer will be nothing by comparison.

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It is with somewhat mixed feelings that one reads that as a result of the fear of an imminent Japanese descent on Tientsin and Peiping there has been a large exodus of students from China's former capital during the last few days. Classwork in practically all the government universities has been almost brought to a standstill as those students who remain have refused to take their examinations, which should have begun early in this week. The Chinese newspapers in the former capital have printed editorials appealing to the students not to leave Peiping but these have so far failed to produce much effect. We do not know from what part of China these students come, but we understand an appreciable part of them come from Manchuria, and they, if any, should show fortitude in the present crisis. It is to be remembered that a year ago the students in this part of China were vociferous in their demands that they should be allowed to proceed to North China to enlist to fight the Japanese, and they even commandeered trains by force out of Shanghai to make the trip to Nanking to make a demonstration before the officials to induce the latter to take strong action against the Japanese. Another batch of students, it will be remembered, assaulted Dr. C. T. Wang, the then Minister of Foreign Affairs, and forced him out of office because he had, in their opinion, not taken strong enough action against Japan. It would be interesting to know whether any of the students that are now fleeing from Peiping were among those who were so vociferous in Shanghai a year ago. G. W. M.

The Drive Into Jehol---Chiumenkow Pass Captured

ALTHOUGH for the moment a great deal was heard about Shanhaikwan and the "truce" negotiations supposed to be in progress there, every sign indicated—and subsequent developments showed—that the next Japanese move will be into Jehol. The best proof of Japanese intentions was that the *Japan Times*, which is a Tokyo daily newspaper printed in English, subsidized by the Japanese government, gave prominence to the map reproduced herewith, which with a heavy black line includes Jehol in a region simply labelled "Manchukuo." The close relationship that exists between said newspaper and the Japanese government was never better illustrated than at the time of the Japanese capture of Mukden on the night of September 18, 1931, when on the following day it came out with a fully illustrated edition giving a mass of information and a minutia of detail that would have been a wonderful piece of journalism except for the fact that it gave every evidence of having been prepared in advance. Where the *Japan Times* got the map we don't know, but that it was not made in Japan is evident from the fact that in the map itself the old word "Manchuria" is printed across it. The only Japanese thing about the map is the black border around the area, which has been carefully drawn to include Jehol.

Among the indications that Jehol is to be the next objective of the Japanese are those mentioned below. The Japanese telegrams are once more stressing the point that a Japanese named Ishimoto was arrested "unwarrantedly" by Chinese Volunteers under Li Hai-feng in the Nanling mountains on July 16, since which time he has been kept under strong guard in Changyang. According to a *Rengo* telegram from Changchun Ishimoto is rapidly losing his health owing to the bad food and poor accommodations vouchsafed to him by his Chinese captors. Then appears this ominous phrase in the Japanese telegram, "The strained situation in the north might cause General Tang Yu-lin to take action against the Japanese troops, and should fighting ensue, Mr. Ishimoto's life would be in extreme danger, it is thought."

Then the old story of the "menace" of Chang Hsueh-liang's troops vis-a-vis Jehol is being rehearsed with many variations, one of the latest being that a brigade of Marshal Chang Hsueh-liang's troops was moving toward Chinhsi, on the Jehol border, apparently with the intention of trying to cut the Japanese lines of communication between Chinchow and Shanhaikwan —which said move in the opinion of the Japanese War Office spokesman "was primarily intended to be a 'face-saving device' and, therefore, need not be taken too seriously, but nevertheless it would be unsafe to ignore it entirely and consequently strict precautions were necessary." The nature of these precautions was indicated by Chinchow press dispatches, which reported that General Muto is "preparing against possible eventualities on the Jehol border." One Japanese cavalry regiment had already been dispatched to Chinhsi, while a cavalry brigade, fresh from the campaign around Manchuli, which ended in the driving of General Su Ping-wen across the border into Soviet territory, had arrived at Chinchow and had proceeded southward, after obtaining supplies.

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Making use of the old discredited Boxer Protocol the Japanese military authorities have demanded the withdrawal of the Chinese troops outside the two-mile limit of the Railway "for the purpose of maintaining peace and order in Shanhaikwan." Instructions to the above effect were cabled to the Commander of the Japanese North China garrison January 9, following a joint conference between the Japanese War Office and Foreign Office in Tokyo on that date. This move, it was incidentally intimated, was part of the negotiations for a settlement of the Shanhaikwan affair, in which General Ho Chu-kuo was stated to be representing Marshal Chang Hsueh-liang and Major Chujiro Miura, Japan.

According to a special telegram in the *China Press*, from Tientsin, Jan. 9, a section of the Japanese troops who participated in the battle of Shanhaikwan was massing along the Chinchow-Chaoyang line in preparation for a general offensive upon Jehol. Also, according to a report from Chengteh, about 100 Japanese armored cars were then moving along the Fengtien-Shanhaikwan line. It was further reported that a large Japanese unit composed of artillery, cavalry and infantry was moving along the Great Wall northwest of Shihmenchai with a view to occupying all the border towns between the provinces of Hopei and Jehol.

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The Japanese drive with Jehol as the objective was begun in earnest during the early days of this week. For the moment the objective was Chiumenkow Pass, the most important route between Shanhaikwan and Eastern Jehol, which constitutes the key position to the whole northern campaign. Severe fighting was in progress January 9 and 10 at this point, and the Japanese headquarters at Chinchow issued a communique on the afternoon of January 10 stating that they had occupied Chiumenkow during the forenoon of that day and that part of the Chinese troops were retreating to Shihmenchai, ten miles westward. This Japanese announcement was apparently premature, as Peiping official circles claimed at the same time that the Chinese were still holding the southern mouth of the Chiumenkow Pass.

Chiumenkow Pass is the most important route between Shanhaikwan and eastern Jehol. It was the scene of heavy fighting in 1924 between the late Marshal Chang Tso lin and Marshal Wu Pei-fu.

Japanese reports of Chinese military activity north of the Great Wall are not denied by the Chinese. One of these reports was to be effect that large numbers of Chinese troops had passed through the Chiumenkow pass just prior to its seizure by the Japanese. The same report said that the headquarters of the Chinese Volunteer forces had been moved to Chihfeng in Jehol. They were reported to be under the command of General Chu Ching-lan. Japanese forces at Shanhaikwan were warned to be on the alert for a special movement of Chinese designed to cut communications between Shanhaikwan and Chinchow.

"MANCHUKUO" AS THE JAPANESE VISUALIZE IT

The map reproduced herewith appeared in the "Manchukuo Section" of the *Japan Times*, a Japanese Government subsidized Daily Newspaper printed in English at Tokyo, in its issue of December 28, 1932. It was labelled simply "Manchukuo." It will be noted that a heavy black line has been drawn around the region thus labelled and that it includes the province of Jehol.

The Chinese officers had picked a band of 500 to form a "do or die" corps and to cut the Japanese lines at some weak point, the reports said, and this had caused some uneasiness at Shanhaikwan.

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The British naturally look with an anxious eye on the developments at Shanhaikwan, because of its close proximity to Chinwangtao, where large British interests are located. There was one report that the Japanese had made a demand that said city be turned over to them. The Kailan mines are located at Chinwangtao, in which the British have a large interest, and the Japanese look on this large coal area with covetous eyes. The full significance of the Japanese refusal of the British offer to mediate may be gleaned from the following list of conditions which the Japanese have stipulated for the settlement of the incident:

(1) That the Japanese will occupy the area between Shanhaikwan and Luanchow, in conformity with agreements for foreign garrisons, in order to maintain the freedom of traffic between Peking and the coast line.

(2) That the commander of the Japanese Army in the North China shall possess military jurisdiction for two miles on both sides of the railway line in that area.

(3) That the Japanese Government demands that no armed Chinese soldiers enter that area, with a view to securing the safety of the area north of Shanhaikwan.

Lieut.-Gen. Nakamura, commander of the Japanese Army at Tientsin, has been given authority from Tokyo to negotiate with the Chinese authorities with regard to the settlement at Shanhaikwan.

Reports from Chinwangtao showed that the Chinese troops in that vicinity were in good spirits and during the past week had erected elaborate fortifications, with many bomb-proof shelters, along the bank of a small river running about three miles west of Shanhaikwan and forming a natural defence position.

General Ho Chu-kuo in command of the Chinese troops in that area has expressed the belief that the Japanese Army did not intend to advance inside the Great Wall, but were sending Manchukuo troops with Japanese officers for this purpose. He attributed the large number of Chinese casualties in the recent fighting at Shanhaikwan to the patriotic spirit of the defenders who he said, continued fighting to the death and ignored the command of their officers to retreat when further resistance was considered useless.

Although so far, the Chinese have resolutely refused to enter into negotiations with the Japanese, it would be little short of a miracle if they should not in the end be compelled to do so. A Chinese Foreign Office spokesman at Nanking January 10 stated that the Japanese military and naval commanders had been endeavoring to engage in discussions with General Ho Chu-kuo, who commands the Chinese forces in the vicinity of Shanhaikwan. To these overtures the reply of General Ho—the substances of which had been conveyed to the Foreign Office—was that all negotiations must be made with the Central government. General Ho indignantly repudiated the suggestion that the seizure of Shanhaikwan by the Japanese forces, a seizure accompanied by the slaughter of several thousand Chinese civilians, could be considered "a local affair."

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The increasing self-confidence of the Japanese military clique, who are day by day bringing the whole Japanese nation in line with them, has received no better recent illustration than an interview given out by Mr. Matsuoka, Japan's representative at the League of Nations, several days ago at Rome, Italy, in which he stated that whether or not Japan remained in the League of Nations was a matter of no consequence, the more so as geographically speaking it was located between two countries, namely the United States of America and Soviet Russia, who were not members of the League either. Another indication of the absolute cocksureness of the Japanese was that the British offer to mediate at Shanhaikwan was absolutely refused, General Nakamura, commander-in-chief of the Japanese troops in North China, having been instructed from Tokyo to decline the British naval offer to use his good offices in connection with a settlement of the Shanhaikwan affair. The ground for this stand on the part of the Japanese was that they desire "direct negotiations with the Chinese and not through third party mediation,"—which has been the Japanese formula right along.

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One of the almost inevitable results of the present operations in North China will be the elimination of Marshal Chang Hsueh-liang from the Chinese political sphere. Ever since his ignominous withdrawal from Manchuria there has been latent contempt for him among the Chinese masses, and the time has now come where he will have to either fight to a finish or retire entirely.

Shanghai Chinese Paper Blames Marshal Chang Hsueh-liang

The *China Times*, Shanghai Chinese daily newspaper commenting on the situation in North China, says: "The nation of the Mikado knows no international law, no humanity, no boundaries between China and Japan, only massacre and bloodshed. The storm at Shanhaikuan occasions no surprise, for the Japanese intention to throw this door open for a rapid advance into Jehol in one direction and into Tientsin and Peiping in another has long been known by even the common man in the street. What is strange is that Chang Hsueh-liang seems not to have dreamed of the eventuality and to have made not the least preparation to re-enforce the meagre fighting force on the front. All the excuses he is wise enough to fabricate sound like the pleadings of a child after being overpowered by a neighbor's boy. The Chinese nation has no more territory to surrender, but must bravely fight a war in self-defense."

Nanking Loses Faith in League of Nations

With the Japanese occupation of Shanhaikwan and the development in Jehol, all Chinese circles in Nanking view with utter pessimism the approaching session of the Committee of 19.

It is pointed out that the recent "sudden" publication of the draft resolution of the Committee of 19 indicates that the League has virtually abandoned all hope of a conciliation procedure, seeing that the committee originally intended to keep the draft resolution strictly secret until both China and Japan had agreed to it.

Chinese observers in Nanking emphasize that, since there exists no basis conciliation between China and Japan, the League should immediately proceed to act under Paragraph 4 of Article XV of the League Covenant.

In the meantime the Chinese press is daily printing articles and statements reflecting on the efficacy of the League and urging prolonged resistance as the sole means of dealing with Japanese aggression.

Canton Calls on the League to Invoke Sanctions

The South-Western Political Affairs Committee at Canton on Jan 9. despatched a further cablegram to the Chinese delegation at Geneva requesting them to call upon the League of Nations to adopt immediate and effective measures to check the Japanese military operations inside the Great Wall. The telegram pointed out that with the Japanese occupation of Shanhaikwan and invasion of Jehol, all hopes for a peaceful settlement have been shattered.

19th Route Army Commander Wants to Lead Fight Against Japanese

General Tsai Ting-kai. Commander of the 19th Route Army, has telegraphed to the Central Government signifying his readiness to lead his troops to resist the new Japanese invasion of north China. Expressing strong indignation at the treacherous attack upon Shanhaikwan and the orgy of carnage and wanton destruction perpetrated by the Japanese military, General Tsai inquires whether the Government has already decided upon definite plans to cope with the situation and whether General Chang Hsueh-liang is prepared to resist the new invasion.

"While others 'do not wish to sacrifice their military comrades in order to gain the honor of becoming a national hero', I do not wish to see national territory sacrificed for the sake of personal safety and enjoyment," General Tsai declared.

Nanking Feels Proud of Courage Displayed at Shanhaikwan

An official spokesman at Nanking Jan. 1 said: "Intense pride is felt in government circles over the fighting at Shanhaiwan, because, despite the loss of that city, Chinese troops have again shown their mettle. The one regiment of the 9th Brigade that held the city was overwhelmed; only after the most stubborn resistance, by the combined attacks of airplanes, tanks, heavy howitzers and a raking fire from the Japanese fleet. Over two-thirds of the regiment were killed or wounded, and the battalion holding the South Gate, which repulsed two Japanese attacks, was wiped out almost to the last man, as only twenty-seven severely wounded men were left of the battalion of five hundred officers and men."

Col. An Dies with Troops at Shanhaikwan

Colonel An Teh-hsin commanded a Chinese battalion of 300 men defending the South Gate of Shanhaikwan. The main Japanese attack was delivered there. Twice Colonel An's men fought back the attacks, but the third heavy attack wiped out almost the entire battalion. Colonel An was also killed. He was one of Fengtien's "coming" men, having reached the rank of colonel although he was only in his early twenties.

Chinese Pay Interest on American Wheat Loan

The Chinese Government on Jan. 9 made its regular interest payment in Chicago on the loan that financed the shipment of wheat to China in 1931. The wheat was purchased from the Grain Stabilisation Board which said that China had an unbroken record in making the payments in full as they fell due.

American Officials Predict Japanese Will Advance on Peiping

Despite denials and explanations that have come from Tokyo, some American officials, according to a recent telegram from Washington believe that Japan's next move will be into the Tientsin and Peiping areas.

While these officials declined, as did Secretary of State Stimson, to make any official comment they made no effort to conceal their anxiety over the situation raised by the Japanese capture of Shanhaikuan.

Some officials in Washington pointed out that Japan has never stated how far she intends to go into China and the recent statement in Geneva by the Japanese spokesman only served to increase anxiety. The spokesman's statement that Japanese do not intend to extend their operations into China, "Proper," was not construed as a definite statement of policy.

The principal fear in official circles in Washington is that if there are further clashes and the Japanese moved toward Tientsin and Peiping, the foreign troops along the Peiping-Mukden railway might in some way become involved.

America Watches Shanhaikwan Situation

A denial was issued in Washington Jan. 4. that the United States had protested to Japan in connection with the Shanhaikwan affair, but after the denial had been made, Stanley Hornbeck, chief of the Far Eastern Division of the State Department, called upon the Japanese Ambassador, Mr. Debuchi. Mr. Debuchi met Colonel Stimson, secretary of state, the following day.

Another sign of the deep interest which the United States Government is taking in the latest developments is that General McCoy, who was the United States member of the Lytton Commission of Enquiry, conferred with President Hoover Jan. 5.

Shanhaikwan Reaction in Germany

The papers in Germany are paying considerable attention to the latest developments in the Far East. The Socialist daily, *Vorwaerts*, refers to the "new Japanese predatory raid in North China" as having begun.

The *Vossische Zeitung* remarks that the Japanese explanation must be accepted with scepticism in view of previous events and the Lytton Report. There is no doubt, continues the paper, that a political battle is developing in eastern Asia which will deeply influence European politics.

The *Borsen-Zeitung* declares that French and Czechoslovakian factories are turning out weapons and ammunition wholesale for China and Japan.

The *Tages-Zeitung* considers the Shanhaikwan event as a "terrible box on the ears for China and no less so for the League of Nations, which will await with mixed feelings the inevitable protest from Nanking." The paper believes that the League of Nations and America are to be shown clearly by this latest military operation that Tokyo is acting without the slightest regard for her Geneva resolutions, and solely in accordance with vital Japanese interests.

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Chinese Protest over Shanhaikwan Attack

The Ministry of Foreign Affairs sent a strong Note of Protest to the Japanese Legation on the night of Jan 4. with regard to the Japanese attack and occupation of Shanhaikwan.

The Note first narrated the preliminary work of destruction done by the Japanese gendarmes in their own quarters; and then the distortion of facts concerning the circumstances preceding the attack in an attempt to evade responsbility for their unwarranted action.

The Note further states that the operations of the Japanese troops at Shanhaikwan are clearly the execution of a preconceived plan calculated to aggravate the situation and contrary to the promise repeatedly made by the Japanese delegates to the League of Nations.

Before cemmencing their attack on Shanhaikwan the Japanese gendarmes first blew up the doors of their headquarters and then scattered hand grenades elsewhere in the neighborhood with the intention of fabricating a defensive case. Then at 9.30 p.m. on Jan. 1 1933, Japanese plainclothes soldiers closed in upon the South Gate of Shanhaikwan and opened fire with their rifles. At the same time Japanese soldiers at the railway station began to throw bombs all around while Japanese gendarmes also started action with their rifles. Chinese military authorities stationed in the district immediately repaired to the Headquarters of the Japanese gendarmes and enquired for the cause of the trouble. The Japanese gendarmerie not only failed to give a satisfactory explanation for the disturbance, besides the customary excuse that they were being shot at by Chinese soldiers and that they were acting in self-defense, but also brought up a set of most unreasonable demands which the Chinese authorities on the spot could only reject.

In conclusion the Note demanded the immediate withdrawal of the Japanese troops from Shanhaikwan, the prevention of similar occurrences in the future, and the punishment of those Japanese who started the disturbance. It further reserves the right of the Chinese Government to claim reparation for the damages sustained by the Chinese.

French Press Attacks Japan Because of Shanhaikwan Onslaught

The attack on Shanhaikwan has induced a large portion of the French press, which hitherto has maintained a friendly attitude towards the Japanese actions in the Far East, to publish editorials sternly denouncing the latest Japanese move, according to a *Trans-Ocean* message from Geneva, dated January 8.

Southern General Favors Sending Troops North to Fight Japanese

General Chen Chi-tang has formed a National Defence Commission at Canton, aimed at the strengthening of coastal defence.

He has also summoned a conference of Kwangsi, Yunnan, Kweichow and Fukien provincoal leaders suggesting using the finances of Kwangtung prince for the mobilizing of the troops of the other southern provinces for an expedition to Peiping and North China, to assist in the campaign against the Japanese.

Japanese Report that Chiang Kai Shek's Bodyguards Pass Kiukiang

A *Rengo* telegram dated Kiukiang, January 8, read as follows: In view of the tension in the North, some sensation was caused when Generalissimo Chiang Kai-shek's Bodyguards, numbering about 6,000 men, on two Chinese steamers, passed this city today.

Quo Tai-chi Speaks Out Against League's Dilatoriness

Quo Tai-chi, Chinese Minister in London, in an interview on the eve of his departure for Geneva early this month declared that every successive session of the League of Nations had opened to the echo of Japanese guns, and now they were thundering in Shanhaikuan, the gateway to Peiping and Tientsin. Since the publication of the Lytton Report the League was not able to plead a lack of impartial facts, and now "the time had come for a showdown."

The League shirked its duties, continued the Minister, for fear of a Japanese threat of withdrawal. The League, however, was crawling under the iron heels of a militarist Japan and was unworthy of its existence.

"Our patience is strained to the breaking point,' Quo Tai-chi said, "and unless reasonable progress is made effectively to apply League principles, we may be forced to re-orientate our policy."

The Chinese Minister concluded the interview with a tribute to the general sentiment of Great Britain on the side of justice and peace.

Quo Tai-chi, in an interview with a *Reuter* representative afterwards, alluded to the likelihood of demanding an early meeting of the Committee of Nineteen if the situtation in North China develops. He asserted that the Shanhaikuan move was a part of the Japanese scheme to restore Henry Pu Yi to the throne in Peiping, and to overrun the whole of China north of the Yellow River.

"But this time there will be strong resistance, like in Shanghai last year," Mr. Quo declared. If Geneva disappointed China she would adopt an altogether different policy because there was no common ground for conciliation. The Chinese government had long expected this present move, but Quo Tai-chi said he thought that "Japan would break herself in this attack."

Manchurian Leaders Offer Advice to Lin Sen

In the name of the "people of Manchukuo," Kwang Tieh-heng and two other leading "Manchurians" addressed a lengthy telegram from Changchun Dec. 29 to Lin Sen, chairman of the Nanking Government, to be forwarded to General Chiang Kai-shek, advancing three suggestions for a settlement of the Manchurian question. The three suggestions are:

1. The yellow race must realize a harmonious co-operation in order to enjoy independence and escape from international control.

2. General Chiang Kai shek should re-call the Chinese delegation from Geneva and establish a policy of discussing remedial measures at a conference in which Manchukuo, Japan and China will take part.

3. The Chinese Republic must realize a system of self-governing federal provinces at the earliest possible date and take into service able men throughout the country to work for racial co-operation.

Before advancing these suggestions, the telegram charged General Chiang with dreaming of becoming an emperor under favorable circumstances while posing as the Lenin of China under adverse circumstances. It then denounced the Nanking Government for mal-administration leading to the exposure of a vast area to Bolshevization and incessant internal disturbances.

The telegram also pointed out that Manchuria is the cradle of the Ching dynasty and has always been independent of China adding that Henry Pu-yi has been following the course of "Kingly Way" since his assumption of the post of Chief Executive of Manchukuo and that the Japanese people, who have been co-operating with the new state, are endowed with a progressive spirit and have much to be looked up to by the Chinese as their pattern!

Japanese Take Possession of Eastern Terminus of Chinese Eastern Railway

After having obtained complete control of the western section of the Chinese Eastern Railway, with the flight of General Su Ping-wen to Soviet Russia several weeks ago, the Japanese troops have been devoting their attention to the eastern section of said railway, with the result that they have occupied Suifenho, the eastern terminus, the Manchukuo flag flying over said town since January 5. Suifenho is the Chinese town, which adjoins the Russian town of Pogranitchnaya, the latter being just over the border in Soviet territory. As a result of the Japanese occupation of Pogranitchnaya, the whole of Chinese Eastern Railway has been cleared of Volunteers and normal traffic, interrupted for so many months has been resumed. The Japanese forces entered Pogranitchnaya after the Volunteers under General Kuan Chang-ching had surrendered. The Volunteers were disarmed and the Japanese seized four mountain guns, two howitzers, 3,000 rifles and 2,000 spears.

Soviet Embassy to be Located at Nanking

According to a *Kuo Wen* message from Nanking last week, the Soviet Embassy will be established at Nanking. It is learned that a piece of land has been allotted by the Chinese Authorities for the erection of the Embassy building. The message also states that the draft of the Sino-Soviet Non-Aggression Pact has been completed between Dr. W. W. Yen and M. Litvinoff and will be signed immediately after the two Ambassadors, D. B. Bogomoloff and Dr. Yen arrive at Nanking and Moscow respectively. A new commercial treaty between China and Soviet Russia is also under contemplation and the Treaty Committee and the Asiatic Division of the Ministry of Foreign Affairs at Nanking are collaborating in the drafting of the same.

Consul General Ishii Calls on Mayor Wu

Itaro Ishii, Japanese Consul General, called on General Wu Teh-chen, Mayor of the Municipality of Greater Shanghai, at the Municipality Jan. 7. *Rengo* says he called the attention of the latter to the growing activities of anti-Japanese agitators in and near Shanghai in connection with the development in the north. The Japanese Consul General is reported to have asked the Chinese mayor for the rigorous control of unruly elements in order to avoid any untoward incident.

Uprisings in Spain---Red Flag Flown in Valencia

Serious outbreaks in various parts of Spain were reported during the week. Sixteen persons were killed in an outbreak in Barcelona last Sunday and a large number were wounded. An early warning that there was a revolutionary plot enabled the police to quell the disturbances after a night of terror. The police headquarters in Barcelona were surrounded by machine guns and traffic on the boulevards was suspended as soon as possible after the first shots had echoed in Las Ramblas, the main avenue of the city in the evening. Sporadic fighting continued during the night throughout all Catalonia, but quiet was restored at most places by Monday morning.

In Valencia the Communists took possession of the town hall, ran up the red flag and burned all archives, property registers, and court dossiers. Telephone and telegraph communications were cut in many districts. Several bombs were found in the Madrid opera house.

Gen Chu Ching-lan Appeals for Aid for Volunteers

An appeal for further financial support to the Chinese Volunteers in Manchuria was made by General Chu Ching-lan, in a circular telegram issued at Peiping Jan. 8. The telegram dwelt at length upon the acts of barbarity perpetrated by the Japanese in Manchuria. The message refers in particular to the recent Japanese move against Shanhaikwan and pointed out that thousands of civiliant had been killed with a ruthlessness which is withous parallel in civilized countries.

Huge American Bond Issue Necessary to Meet Outstanding Obligations

The United States Treasury must soon float an enormous bond issue in order to meet all the Government's obligations and, in order to assure success of this issue under present econmic conditions, the nation's budget must be balanced, a recent Washington telegram stated. In view of the necessity of the issue, President Hoover sent a special message to Congress Jan 10 urging the immediate balancing of the budget.

The issue will be one of the largest in recent years and a considerable portion will be used to retire previous loans that will soon fall due.

Russian Residents' Association May Not Register

The Central Executive Committee held an informal meeting at Nanking Jan. 6 to discuss the question of the registration of the Association of Russian Residents at Shanghai. It is understood that the meeting decided to instruct the Shanghai Kuomintang that, pending the promulgation of laws governing the registration of such associations at Shanghai, the Russian Residents' Association will not be allowed to register.

Prominent London Sunday Paper Says Nemesis Will Come to Japan

The London *Observer* in its issue of Jan. 8, said, in connection with the Shanhaikuan affair, "Nemesis will come to Japan from Japan and the menace to China may be the making of China." Whatever difficulty there may be about Manchuria, the *Observer* said, there is no shadow of doubt that Japan has no legitimate scope within the Great Wall. It is probably too late for the exercise of sweet reason, although the best hope lies in direct Sino-Japanese accommodation.

British Soldiers Go on Rampage in Jamaica

The soldiers of the Northumberland fusiliers created a riot at Kingston, Jamaica, January 3, after one of their comrades was killed in a brawl. They clashed with the police and during the ensuing melee several civilians and soldiers were injured and considerable damage done to property. Wild scenes occurred in the streets of the city when the soldiers set out to avenge the death of private Daniel MacDougall, who met a violent death, it is believed as the result of a quarrel. Trams were attacked and their drivers and conductors beaten. Taxis and motorcars were held up and their occupants assaulted.

Sikh Troops Disarmed in India

The British Government has decided to disarm part of the Sikh troops as a result of a recent incident at Poona, according to a recent French telegram. A detachment of 1,000 British soldiers was sent to Poona to replace the Sikhs.

The Moslem uprising in Alwar is spreading and the Maharajah has declared martial law throughout the region. Dissatisfied, however, with the steps taken by the government authorities, the Maharajah made a hasty trip to Delhi to ask the authorities there to order a stop to the foreign incursions into his territory. Meanwhile the Hindus of British India are organizing support for their compatriots who have been made victims of alleged Moslem pillage. It is possible that the friendship shown by the Maharajah for Gandhi is the reason why the Imperial Government has been so lax in taking steps to stamp down the revolt against this cultivated Hindu prince.

3 Dead, 23 Hurt in Communal Riot at Bombay

Two Moslems and one Hindus lost their lives, and 20 Hindus and three Moslems were injured in a scuffle which broke out in Bombay Jan. 8, as a result of a game of cricket played by Hindu children. The troubles began when a cricket ball thrown by one of the children hit a Mohammedan who began to hurl threats at the young players. The police restored order, dispersing the fighters

Moslem Population Increases Faster Than the Hindu

One of the points to remember in properly evaluating the Indian situation is the continued proportionate advance in the Moslem population. During the last ten years, while the Hindu percentage of increase in actual number was 10.4 the Moslem increase was 13 per cent. The effect is to reduce the proportion of Hindus per 1,000 of the population in the 10 years from 684 to 682 and to increase the Mohamedan proportion from 217 to 222. Half a century ago the Moslem ratio was only 197, while the Hindu was 743. The process will bring the Moslems within a few years to one-fourth of the population, and will be accelerated by the probable separation of Burma in the near future.

Japanese Hold Review in Hongkew Park This Year Without Incident

The Japanese forces in Shanghai held a review in Hongkew Park, January 9. No untoward incident occurred. Vice Admiral Yanai, commander of the Third Fleet conducted the inspection.

Over 2,000 men were on parade, and in addition to crowds of Japanese, school children as well as adults, an international group of officers was also present.

The first part of the review was held on North Szechuen Road, outside the Public School for Boys, all mechanised units marching past. The mechanised section comprised howitzers, field and light guns drawn by trucks, Stokes mortars mounted on trucks, tanks and armored cars, and motor-cycle outfits mounting light automatics. The trucks, included both six-wheelers and the four-wheel drive variety, while the tanks were of the two-man Carden-Loyd species. Armored cars included two six-wheelers.

Besides Japanese naval and military officers, those present included Lt.-Col. E. P. Moses, Brigadier Fleming, Col Lebonne Col. Bacci, Captains Le Mottee and Godfrey, R.N., Capt. Calhoun, U.S.N., and several others.

Mongolians Want Only Mongolian Administrators

A party of 69 delegates representing the Mongolian residents at Nanking called at the Central Party Headquarters Jan. 4 and submitted a petition on various questions dealing with Mongolian affairs. They were received by Dr. Chu Min-i, who promised to refer their petition to the Central Executive Committee for consideration. Among other things, the delegation petitioned that only Mongolians should be appointed to responsible posts in the administration of Mongolia. They also requested that the post of chairman of the Mongolian and Tibetan Affairs Committee be abolished in favor of an absolute committee system. For the protection of the areas in Mongolia, they recommended that Pao-An-Tui (militia) and Volunteer corps should be organized and trained.

American Youth Seeks Correspondent in China

To the Editor, *The China Weekly Review:*—

I am very anxious to find some one in China, preferably of my own age, who would be willing to correspond with me. I am 22 years of age and have a keen interest in China. You are probably aware that the *Chicago Tribune* has a department called "The Voice of the People," and if your journal has a similar department I would ask you kindly to publish this letter under that heading. I am particularly interested in corresponding with a student in some Chinese university.

LEWIS ROY.

108 West 105th Sheet, Chicago, Ill, Dec. 14, 1932.

Death Occurs in England of Eurasian Wife of Japanese M. P.

The death occurred in London Dec. 30 of Theodora Ozaki, wife of Yukio Ozaki, a member of the Japanese parliament. The deceased was 62 years of age and was the daughter of Baron Sabura Ozaki and an English woman. She was born in Sussex, England in 1870. The betrothal of the pair book place in Japan when Mr. Ozaki was Mayor of Tokyo and his intimacy with a woman through whose veins the blood of a foreign race flowed, was criticised in some quarters when their bethrothal was announced. However, through the services of the late Marquis Inouye, one of the outstanding leaders of the Meiji Era, the romantic pair were able to have their marriage solemnized. The religious ceremony took place in St. Andrew's Cathedral in Shiba Park, Tokyo, at Mrs. Ozaki's wish, and attracted considerable attention, having been one of the first marriages between a Japanese and a foreign woman of promnence.

Dr. H. H. Kung Asks for German Co-operation

China's desire for German cooperation in her industrialization program was emphasised upon his arrival in Berlin, Jan. 8. by Dr. H. H. Kung, former Minister of Industry and Commerce in the Chinese Government, now traveling in Europe as a special envoy of the Chinese Government.

"It is a special pleasure for me to come to Germany and to renew my personal relations with the members of the German Federation of Industries which toured China some years ago," he said, "and I sincerely trust that my visit will contribute towards the strengthening of the bonds of Sino-German friendship and result in still closer economic co-operation."

Referring to China's program of industrialisation, Dr. Kung asserted that every effort was being made to carry out the plans as laid down by the late Dr. Sun Yatsen in his "Three People's Principles." For this purpose, China welcomes foreign co-operation and is keeping her doors wide open not only to foreign capital but also to foreign experts. The number of German advisers and experts employed by my Government, therefore, reflects the closeness of the present relations between Germany and China."

In conclusion Dr. Kung stated that China's industrialisation and national reconstruction were, at the moment 'somewhat retarded by the world depression."

Mother of Dr. C. T. Wang Celebrates Eightieth Birthday

Mrs. Y. K. Wang, mother of Dr. C. T. Wang, former Minister of Foreign Affairs, celebrated her eightieth birthday on January 10, when a dinner party in her honor assembled at the Great Eastern (Wing On) Hotel. Mrs. Wang will contribute all presents and gifts received to a primary school in Fenghua in which she has been taking considerable interest. Madame Wang is the mother of three sons and two daughters, Dr. C. T. Wang, C. F. Wang and C. H. Wang, Mrs. T. S. Chen and Miss Wang, and has 19 grandsons, 15 grand-daughters and eight great-grand-children. The dinner was attended by several hundred guests of all nationalities.

Jehol ! More Clouds

The following are extracts from an editorial in the "North China Daily News," reprinted in its weekly edition, the "North China Herald," the latter having as sub-title, "The (British) Supreme Court and Consular Gazette."

Jehol is coming more clearly into the limelight. Mr. Matsuoka may find that fact embarrassing to him at Geneva. He will, no doubt, be consoled by the knowledge that it illustrates the difficulty of reconciling the military and political aspects of any given situation. To the Japanese High Command in Manchuria the inhibition imposed by political considerations is an inconvenience, tolerable up to a point but not beyond it. In order to tackle the Chinese Volunteers in Manchuria an ability to dominate Jehol is a manifest advantage. This is emphasized by the possible development of Volunteers' activity in the neighborhood of Chinchow and therefore to the peril of the communications of the Japanese forces now occupying Shanhaikuan. Japanese troops have been engaged with Chinese volunteers near Changwu which is quite close to the eastern border of Jehol. Jehol with Charhar and Suiyan belongs geographically to Inner Mongolia. These districts were formerly known as Special Administrative Districts, but in September 1928 were created separate provinces by the National Government. According to the "China Year Book," the adoption of the Kuomintang flag in Manchuria in December 1928 led to the naming of the territory embracing Heilungkiang, Kirin and Liaoning (otherwise Manchuria) and Jehol as the "Four North-Eastern Provinces." While therefore Manchuria—now called by the Japanese, Manchukuo—comprised the three North-Eastern Provinces, Jehol was given the dignity of the fourth of those Provinces outside the Great Wall. Marshal Chang Hsueh-liang's authority until September 18, 1931 was taken to cover the Four North-Eastern Provinces. Since the Japanese *coup* leading to the creation of Manchukuo, Jehol has remained under the charge of General Tang Yu-lin who is Chairman of the Provincial Government and Vice-Commander-in-chief to Marshal Chang Hsueh-liang. Opium is an important source of revenue, it being estimated, according to the special survey reported in the "China Year Book" for 1931, to amount to $20 millions. The export used to be mainly to Manchuria.

Strategic reasons for bringing Jehol within the control of the Japanese Army now endeavoring to establish the State of Manchukuo will be readily appreciated. It seems of little more than academic interest to discuss whether Chinese troop movements into Jehol or on the borders of Chihli have been provocative or not. In view of the strength of the Japanese forces along the railway line from Mukden to Shanhaikuan, the concentration of troops in Chihli might be regarded as an ordinary measure of precaution. It is generally admitted that the Chinese deliberately reduced their garrison at Shanhaikuan with the definite object of avoiding accusation. They did not succeed in that aim as recent events have shown. The truth is that the Japanese forces, being directed by a policy which is essentially aggressive in the local application of its strength, cannot help themselves. To them each move in the game must be forward because their commanders insist that no kind of opposition to their plans can be tolerated. Even the reported attempt to create a demilitarised zone in the neighborhood of Shanhaikuan cannot be regarded with any great degree of confidence for the simple reason that the pressure of circumstances will, sooner or later, impel a Japanese advance into Jehol.

Clouds in the North---Japan's Responsibility

(By H. G. W. Woodhead in the "Shanghai Evening Post")

The demeand of "all the high officials" at Canton for the infliction of "the extreme penalty upon Marshal Chang Hsueh-liang for the loss of Shanhaikuan," shows complete lack of balance, but is nevertheless significant as emphasizing the difficulties encountered by the political and military leaders of China in coping with the situation created by the outbreak of the attacks on the Hopei-Manchukuo border.

An attack upon Shanhaikuan so drastic and decisive, and upon such slender provocation, could hardly have been foreseen by the Young Marshal or any of his subordinates. The Commander of the Shanhaikuan Garrison was absent from the city when hostilities broke out. Had Marshal Chang anticipated the clash, and sent reinforcements to the border district, the despatch of additional troops would, in itself, probably have precipitated the fighting. For if the Japanese Higher Command regards the reinforcement of the Jehol garrisons, which are not actually in touch with the Japanese forces, as a hostile act, much more would it have looked upon the reinforcing of the Shanhaikuan garrison as a menace.

The Possible Restoration of the Dragon Throne

(By Edward Bing-shuey Lee in the "Chinese Republic")

The year 1933 may yet witness the reestablishment of the Dragon Throne in Peiping—provided the Japanese Army succeeds in occupying that historic city. To the minds of the Japanese schemers, the whole world would be convinced of the "spontaneous" nature of the military expedition if the monarchy can be restored in North China. It would be a comparatively easy matter to call the occupation of North China "an extension of the area of 'Manchukuo' as a result of the 'spontaneous will' of the people" and change the title of Chief Executive to Emperor.

Military occupation of the key provinces of Hopei alone by an alien invader would be an economic disaster, for banks would be forced to close, and the principal staple industries—coal, cement, textile and woolen production—would be completely disorganized, and even foreign business establishments would be adversly affected, as in the case of Manchuria.

Japan's Soviet Trade Declines

Japan's trade with Soviet Russia through the Port of Tsuruga, during 1932 was as follows:—

Exports	1,839,344	yen
Imports	1,892,777	yen

Compared with 1931, the respective decreases are:—

Exports	1,240,582	yen
Imports	49,857	yen

Soviet Russia Prepares for War in the Far East

Danger of war in the Far East compelled Soviet Russia to convert some of her large factories into munition plants in order to be prepared for an emergency, Josef Stalin declared, in a vigorous address to the Central Executive Committee of the Communist party in Moscow Jan. 9.

This necessity has slowed down the production in the final year of the "Five Year" plan, Stalin said, but today Russia is prepared to meet any emergency that may develop and meet it with the most modern implements.

Although not mentioning Japan by name, Stalin was plainly referring to that nation when he said the conversion of the factories has made neighboring countries to sign non-aggression pacts.

"Our factories were converted quickly into plants for the production of modern instruments of defense," he said, "and now the Nation is prepared to meet all war contingencies."

An American's Impression of Shanghai's Business

(Extract from an editorial in "Finance and Commerce")

"Shanghai is about the only place in the world to-day where it seems possible to carry on the ordinary business of buying and selling under normal conditions." That was the opinion given to *Finance & Commerce* on Saturday by Mr. H E. Byram, the Chairman of the Chicago, Milwaukee St. Paul and Pacific Railway Company, who is now making one of his periodical visits to the Far East. It is an opinion based upon wide commercial experience and unrivalled opportunities for judging business trends and, as such, should help to counteract the feeling of disappointment which will probably take possession of a good many Shanghai merchants when they cast up the results of the past year's activitites. Mr. and Mrs. Byram are visiting their daughter Mrs. Don Burdick, Shanghai.

Rehabilitation of Rural Districts Devastated by Red Bandits

BY PAUL K. WHANG (汪仲芳)

BESIDES the Manchurian problem, the Nanking Government is now faced with the stupendous task of rehabilitating the rural districts devastated by Red bandits in Hunan, Hupeh and Anhwei. To a certain extent, the second problem seems to be even more important than the first one, because China's national existence will be very much endangered, if the economic system of Chinese villages of those productive provinces is permitted to collapse.

The Anti-Red campaign has been conducted with notable success, and a large part of the Soviet controlled areas has been restored to the government control. The areas thus recovered have been plundered and ransacked by the retreating Reds, and the destitute inhabitants who have been left without food, clothing and shelter are in need of immediate relief. Professor Dragoni, the Italian expert on rural economy after making an inspection tour of the Hung Hu Lake region, declared, "The plight of the unfortunate victims is such as he has never before witnessed. Poorly clothed and fed, many are suffering from cuts, bruises and other wounds inflicted by the outlaws." If they are not given a chance to start their life once again, their only alternative is to turn out to be bandits.

The reason why the Red-banditry has been rampant in rural districts of Hunan, Hupeh, and Anhwei is not because the peasants there have sufficient intelligence to appreciate and interpret the teachings of Lenin, but because they are not permitted to make a living on account of natural and man-made calamities. To the peasants, communism and sovietism are totally strange words, and what do they prize above their lives is the harvest out of their good earth. When their good earth fails them, they have to live a bandit's life.

The fallacy that the Red-banditry can be eliminated by force has been long exploded. T. V. Soong, acting President of the Executive Yuan, declared many months ago that the suppression of communism must be sought in the politico-economical readjustments. Recently General Chiang Kai-shek stated to the effect that the problem is only three-tenths military and Seven-tenths administrative. This change of the government policy is a great advance in the solution of the problem.

League Experts on Inspection Tour

In order to seek expert advice in the solution of this problem, two League experts on rural economy, Professor Gr. Uff. Carlo Dragoni and Dr Guido Perris, were invited to come over to China with the sole purpose of investigating conditions on the spot and offering suggestions regarding the rehabilitation of rural areas. They arrived at China about six weeks ago and will stay here six months for this noble purpose. They are now making an inspection tour of the devastated districts.

Beisdes seeking expert advice, a Rural Economy Relief Bureau has been recently established under the auspices of the Commander-in-chief's Headquarters for the Hunan-Hupeh-Anhwei Bandit Suppression Forces. The head of this Bureau is Koh Wei-fung, a well-known Shanghai business man and formerly the Managing Director of the China Merchants' Steam Navigation Company.

The Bureau is composed of four departments, Inspection, Directing, Auditing, and General. To start with, the government has appropriated a fund of $2,000,000 to finance its initial undertakings. For the first few months, the Bureau will devote its whole time to investigating the existing conditions with a view to ascertaining the approximate figures regarding the areas of farming lands and the number of people in the devastated areas. After these preliminary steps have been taken, we are given to understand that the following two measures will be immediately taken up.

(1) To assist the peasantry in re-establishing themselves on the farms.

To tackle that problem, two steps will be taken. First, measures will be devised to distribute lands among the farmers who have nothing to cultivate. It is said that in those districts under the Soviet control, the proprietorship of land was abolished and the proof of ownership was destroyed. Therefore, when these districts have been restored to the government control, it is well-nigh impossible to return to the *status quo ante*. The Bureau in collaboration with the provincial outhorities will find the means to settle this land problem in such a way that the interests of peasantry will be fully considered and protected.

Secondly, free seeds will be given to the destitute farmers who have land to cultivate, but are too poor to procure seeds. We have even been told that the Bureau, if it is necessary, will also furnish the destitute farmers with farming implements and technical advices so as to increase the returns of their labor.

(2) To secure employment for those who are not adaptable to the agricultural pursuits.

The Bureau in conjunction with provincial authorities will construct a net of highways in the devastated districts, so as to provide works to a mass of unemployed workers and in the meantime make those secluded areas accessible to the river and sea ports. The construction of highways in those bandit-infested districts wil increase the mobility of the government soldiers, thereby diminishing the menace of Red-banditry.

But of the program which the Bureau has mapped out to rehabilitate these devastated districts, the most significant item which deserves our special attention is the establishment of numerous agricultural banks, with head office at Hankow and branches in various districts of Hunan, Hupeh, and Anhwei. We have been told that for the time being the activities of these agricultural banks will be confined to the above mentioned three provinces, but as soon as this experiment has been conducted with successful results, it will be extended to other provinces as well.

Too much significance can not be attached to this noble experiment, because it is a long-felt need that some government organs must be established to extend credit facilities to the needy farmers who have been accustomed to borrow money at an usurious rate of interest for the purpose of carrying on their lawful pursuits. It is more often than not that the poor farmers before the sowing season have to mortgage everything they have, including their earthen houses for securing some money to buy seeds and farming implements. Neither can they hold their products for a good price after the harvest when no credit organs can be found to advance money against their products.

The Need for Agricultural Banks

The writer in the past has reiterated the need of such agricultural banks even in Kiangsu and Chekiang where the farmers are deemed as being much better off than those in other provinces. In spite of their general well-being, many of the farmers are yet in such a financial stringent state that before the cocoon season they have to secure financial assistance for carrying on their sericultural business. Because of the failure of the cocoon crops during the past few years, the farmers now are also in a distressful state and need government assistance.

At the beginning, we naturally can not expect that the Bureau will do more than its finance permits. But we hope that as soon as it has done much to alleviate the sufferings of those farmers in the devastated districts, it should immediately turn its attention to the farming distress of other provinces, and so in the end the economical system of Chinese villages will be all rehabilitated.

In the meantime, the government should make further appropriations to enable the Bureau to carry on this gigantic task. In view of the financial distress of the government, we, of course, can not expect the government to set aside a big lump sum at one time, but we hope that in proportion to the works accomplished by the Bureau, it should increase its appropriations from time to time. As a matter of fact, the money thus spent is not wasted as the costly campaign waged against the communists, but will be paid many times over by the beneficial results upon the rural populations.

It is a happy sign that the government has at last realized the need of rehabilitating rural economy as a means of eliminating the communistic menace. We can not but admire Mr. Koh and his colleagues for their courage and unselfishness in undertaking the task which is by no means an easy one. Being manned by good personnels, the Bureau has a great future in introducing and initiating epoch-making reforms to elevate the status of Chinese rural populations. We are sure that from now on we shall read and hear more about the activities of this new organ which has been specially instituted for the gigantic task of rehabilitating the devastated districts.

Shanghai, Jan. 10, 1933.

Japan Denounces the League Council and Assembly

(From the Review's Tokyo Correspondent)
(Translations from various Japanese publications)

Shirking Responsibility Characteristic of Assembly —League's Impotence Brought to Light

Tokyo Nichi Nichi, Dec. 12.—In looking back upon the League Council and Assembly meetings just closed we feel two clear impressions printed in our minds, namely, (1) neither the Council nor the Assembly is powerful enough to handle the tangled Sino-Japanese dispute effectively (2) those taking the lead of the League having realized their powerlessness have commenced to get themselves free from the intricate situation by means of evading responsibilities. The League Assembly was not convened to no avail in that it served to bring this fact to the knowledge of the world.

Without taking the trouble of bringing the Lytton report to the stage of discussion nor giving any comment thereon, the League Council, after hearing the debates between the delegates of Japan and China, shifted the solution of the issue upon the shoulders of the Assembly. As all are aware the Lytton Commission was born out of the decision of the League Council on Dec. 10 last year. Therefore, the report is addressed to the League requiring the due attention of the League authorities. That they assumed a disinterested air and shifted responsibility of dealing with the matter, clarifies the irresponsible attitude of the delegates of large countries who were convinced of their helplessness. Already at this time they attempted to create a conciliatory organ outside the League to provide means of escape. The Assembly came to an end just in such a way as they expected it should, but the head-on collision between the delegates of smaller countries who stuck blindly to idealism and those of larger countries, served to pile up obstacles in the way of a solution to the question. Thus the Assembly unreservedly disclosed the complexity of the situation before the eyes of the League leaders, and brought home to their recognition how difficult was the solution. Needless to mention what spurred them to become cognizant of the helplessness of the question is the fundamental difference of contentions between China and Japan. When at the Assembly session on Dec. 9 the Chinese delegate declared "The direct Sino-Japanese negotiation makes it a prerequisite that Japan evacuates Manchuria," Mr. Matsuoka retorted "Japan acceedes to no direct negotiation that does not make the recognition of Manchukuo a prerequisite." The gravity of the situation thus developed made the leaders of the League realize their inability to successfully cope with it and obliged them to seek for the only escape in conciliatory arbitration. Furthermore, the increased tendency of Japan's growing insistence recognized among the general public made them feel the necessity of escape the more. This improved understanding on the part of the masses is aply endorsed by the applause with which Mr. Matsuoka's speech met in the Assembly. When nothing concrete had been materialized through efforts of the Assembly, the entire question was handed over to the care of the Committee of 19. Frankly speaking, Russia and America whom the League contemplates to invite to join the Committee of 19 are leading non-member states of the League, and to call for the attendance of these two Powers is to confess the powerlessness of the League before the world. As the reason for inviting Russia and America the leaders of the League maintain that no satisfactory solution can be made without the attendance of these two nations who are most interested in Sino-Japanese questions. This is, however, a mere pretext. At the bottom of it there is hidden a very clever trick that, in case the commission outside the League arrives at some tangible solution of the case, the leaders credit the League with the merit as if it were the fruit of their own efforts.

This tactful measure of the League is thoroughly understood by both Russia and America. We are almost sure they refuse to take part in the Conciliation Commission of the League though it is another question if the Commission were created independent of the League. Granting that with the affiliation of the two non-members, the Conciliation Commission is formed, it is doubtful whether it will successfully deal with Japan's positive attitude that has been firmly established.

Conciliation Commission, Hallucination of the Leagu

Tokyo Asahi, Dec. 15.: (Editorial).—In reference to the creation of the Conciliation Commission and at the same time inviting delegates from Russia and America, the Japanese Government was approached by the League indirectly through the British Government which while communicating the desire of the League sounded the intention of the Government.

On looking back upon the progress of the League conference, the invitation of Russia and America as scheduled by the League is quite beyond our reasoning to approve when the nature of the League hitherto generally accepted is taken into consideration, although from the political viewpoint we have a different observation. The fact that the Sino-Japanese dispute being extremely complicated from point of view of international politics cannot be handled in the way with which affairs among civilized nations in general are disposed of, is already clarified in the Lytton report and recognized by Britain, France and other Powers' representatives at the League Council. But in our own view the complexity of the Sino-Japanese question comes not from its own grave nature but rather from the defects in the structure of the League, or in other words, wrong application of the League Covenant by the treaty powers.

All the opinions expressed by the delegates of various countries at the League Council and the Assembly since September of last year endorse the reasonableness of Japan's claims in Manchuria, the butt of the attack being directed to condemning her failing to take peaceful measures acting upon the Covenant of the League. Without taking the trouble of diving into the very cause of the dispute the League jumps to the alleged unjustifiable use of military power. The world peace cannot be maintained by the literal application of the Covenant and other treaties in force; it depends upon how well they are applied. If the League really means to uphold the literal application of the Covenant as its ideal, it is reducing the League fortress to ruin by inviting Russia and America to the proposed Conciliation Commission. The independent status of Manchukuo is what the Lytton report and some of the League members disapprove, but what is Soviet Russia but a country to which greater part of the League members hesitate extending recognition? If therefore the League intends to let Russia poke its nose in the dispute, it should never fail to invite Manchukuo.

Since we are convinced of the futility of expecting the League's literal interpretation and application of the Covenant to bring about satisfactory solution to the dispute, we favor the idea of conferring with America and Russia, but this must be done outside the League organization. It is but natural that Japan who is one of the sponsors of the League disfavors taking part in the destruction work of the League. It is in this sense that we are unable to recognize the proposed formation of a Conciliation Commission, and we are quite confident this does not contradict the spirit of international cooperation, for what prompted us to give unfavorable reply to British Government's good offices is our genuine motives of uplifting the true essence of the League. If the League finds it really impossible to dispose of the Sino-Japanese dispute without the assistance of Russia and America, we wonder why the League evades resorting to the wise measure of leaving the whole affair to the direct negotiations between the contending parties. This is what we have long insisted and upon this rests the true spirit of the Lytton report.

Solution Carried Over to Next Year as League Scheduled

(By Toshio Eido-Geneva).

Tokyo Nichi Nichi, Dec. 21.—The League conference adjourned arriving at no conclusion whatever. This is due to the League's extreme prudence exercised in handing the Sino-Japanese dispute believing the "lapse of time" as an essential factor for the fair solution of any dispute. Of this tendency of the League I have kept you informed from Paris and Geneva. The cautious League had considered it almost impossible as well as unwise to hope for the solution of the question during the year. Summing up all these facts we are enabled

to form a conclusion that everything went on just as was scheduled originally by the League.

Since the Committee of 19 succeeded to the General Assembly the discussion began to touch more concrete questions and at the same time the opposing attitude between bigger countries and smaller ones became more pronounced. At the meeting of the five Power draft committee Britain and France seem to have done their utmost to restrain Spain and Czechoslovakia, but realizing that further restraint might cause internal disintegration of the League they quit the oppressive measures. As an alternative it is likely that they decided to wait until Japan would oppose the draft solution of the question and its accompanying explanations and thereupon to avail themselves of the chance to renew their efforts to hold the smaller countries in check.

Japan should not overlook the fact that due to the effective restraint upon smaller Powers by the combined efforts of Britain and France, the draft resolutions of the four counries, (The resolutions moved by the representatives of Ireland, Belgium, Czechoslovakia and Sweden, namely, non-recognition of Manchukuo and the illegitimacy of Japan's self-defensive measures in Manchurian incident, and the creation of a conciliation commission including Russia and America) were drowned and what is more that the smaller countries' radical measures of rushing in a breath to the application of Article 15, section 4 of the Covenant was successfully checked by their endeavor.

Mr. Matsuoka's activities all hit the mark: when fire is required he turned white-hot fervor, when coolness is called for he became ice-cold.

During this session of the League conference active battles were fought between Japan and the League, China being nearly always placed behind the scene. What is the future development of Japan-League relations? Toward the close of the present session Japan thrust before the League something strong enough to surprise it. The British Foreign Secretary and Sir Eric Drummond and other brains of the League seem to entertain that there can be no effective method for the solution of the Manchurian question other than by Sino-Japanese direct negotiations. But it must be remembered that as Japan has its own standpoint firmly established so the League has its own standpoint to support; the brains of the League cannot afford to quit their foothold for the sake of Japan. Consequently, the Japanese attitude in refusing the proposed conciliation measures contrived by the League for form's sake, gave pessimistic surprise to leaders of the League although I am confident they are well aware of the fact that this attitude of Japan's was the result of careful considerations for her future.

Before going to their final object of Sino-Japanese direct negotiations of the affair, they realize that sufficient time and political technique are required. The League conference just adjourned clearly demonstrates that the diplomatic negotiations dealing with people all over the world can never so easily be brought to a successful termination.

Manchukuo Advises Japan to Quit the League

Osaka Mainichi, Dec. 21.—Seeing that the League of Nations after all will not be able to formulate a plan for the settlement of the Manchurian question in a way satisfactory to Japan and Manchukuo, the Hsinking Government leaders are asserting that Manchukuo should advise Japan to secede from the League of Nations. They are going to take some action shortly.

Verbal Battle Between Koo and Matsuoka

(By Bunshiro Suzuki—*Kaizo*, Jan. 1.).

The single combat between Dr. Wellington Koo and Mr. Matsuoka at the last League conference must have left in both of the combatants a deep impression. At the beginning of the meeting of the Council Mr. Matsuoka called Dr. Koo "an oldest friend of mine." At the fourth day's Council meeting, Mr. Matsuoka, before he opened his mouth in obtaining the sanction of the chairman, spoke to Dr. Koo, "I shall be glad to withhold if you want to speak first." To this he replied, "No thank you, please go on without reserve." Then, Matsuoka emphatically dwelt upon the necessity of the recognition of Manchukuo for the maintenance of the Oriental peace, declaring, "What we want is not the peace based on paper but the peace that stands on reality," to which Dr. Koo's counter-attack was, "Peace should be built upon law and justice." Matsuoka did not keep silence but talked back in a contemptuous manner, "I will explain to the learned Chinese representative the meaning of the word reality I employed. Reality means all except dream and vision; the League of Nations and treaties also belong to reality." At the meeting of the League Council on that day Dr. Koo unlike his nervous appearance until the day before, was full of humor. At the cynical remarks of Mr. Matsuoka he fired back with no less contemptuous speech, "It is not because I ignored the concession on the Japanese side that I refused with thanks her cordial offer of a chance of an initial speech, but because I expected a more important concession from Japan next time." The above-mentioned verbal battle between the two representatives may perhaps be left on record. That such humorous remarks could be exchanged is because they are old acquaintances. It was by his verbal attack on Japan and anti-Japanese demonstration at the Versaille Conference that Dr. Koo acquired his brilliant name as a Chinese diplomat. Indeed, their acquaintanceship goes as far back as the conference. Whereas at the Versaille Conference Mr. Matsuoka was still the first secretary of the Embassy, Dr. Koo was the China's chief delegate at the age of 35, a few years younger than Mr. Matsuoka.

Are the Japanese a Belligerent Nation?

(By Kyoson Tsuchiida—*Serupan*)

At the League conference Mr. Matsuoka's verbal battle was conspicuous, but it is true that Dr. Koo was no less eloquent. There is in his tone of speech a touch of the Chinese Chun Chuin Feudal Age. We were very much interested in his introducing Hideyoshi in his speech as an incarnation of Japan's aggression. However, still more aggressive was the Mongolian expedition to Japan and to Europe; its 500,000 forces trampled down Russia Poland and Hungary. The land now occupied by Czechoslovakia was then under their heels. Japan was on the verge of being absorbed by the invincible Mongolian army of thirty thousand, five hundred years ago. Its devouring power is, indeed, beyond conparison with Hideyoshi's.

Why is it that Japan is always regarded as the country of imperialism? Are we all conscious of our being imperialists? No, we never are. When is it that the national spirit awoke in the Japanese minds? Is it the nation's inborn nature? It sprouted by the above mentioned attack by the Mongolians. Until then no national consciousness had come up to their minds nor had there been any need of it. Invasion of the large forces from Mongolia charged up the country to the very brink of life or death, which stirred up in the people's consciousness the spirit of nationalism. From this fact we may inductively conclude what implanted in us the spirit of nationalism is no other than China herself. It is a pity that our delegate did not refer to this fact before the League conference. There is another cause which is far more fundamental in nature; a greater portion of the Japanese came from Asiatic Continent. They continued to immigrate to the small islands of Japan until they were obliged to find more soil, which, however, they could not do on the vast expanse of the Asiatic Continent. Yet, the Continental pressure was unabated. Hereupon the people were called upon to oppose the oppression from the Continent. That national romanticism started in Japan was thus unavoidable. I believe it is this that makes the Japanese look belligerent. In the "Study of the Chinese and Japanese Thought of Today" of which I am the author, I minutely explained all of it. It is intended for foreigners. Of course we do not hesitate to admit that Hideyoshi dreamed of invasion on a large scale, but his like could be found in any of the feudal ages of all countries. Was there an individual hero who, aspired for no invasion? The Japanese are equally susceptible to the current of the age with other nations; they have no special sense inborn in them. I do not consider it Matsuoka's duty to elucidate the affair in this way but am quite sure the whole of Japan ought to be equipped with this notion in their minds.

Wire-Pullers of the League

(By Dr. Katsuji Inahara — *Economist, Jan. 1*)

The battle we are fighting at the League is the battle fought by those who want to grow against the obstacles which try to dam up the growth of a people in its utter nakedness. It is not the Nine-Power Treaty nor the Anti-War Pact but the Powers behind them that constitutes the real obstacle to us in Japan. It being our aim to subdue these Powers, it is a foregone conclusion that the attempt draws no small difficulties. In this

sense we despise and condemn the impulsive joys and depressions that follows the ever changing council atmosphere, the development of discussion of the Commission of 19, or the publication of the Lytton report. We are destined willy-nilly to stand in a position of the accused. No nation exists in the world which makes concession simply for concession's sake; if it does, it is only when the nation is so prompted mostly by its egoistic motives. Indeed, the nations of the world are too engrossed in their own business to divert attention to somewhere else; they all groan under too heavy burdens to do any good to others. Under the circumstances we must advance to acquire what we want ourselves, for there is no depending upon others when kaleidoscopical union and disunion in the world diplomacy are characteristic of the age. This is what is called diplomatic self-resurrection and is the only means by which we may safely hope for the development of the situation favorable to our country.

The report of the Lytton Commission appointed by the League Council was passed from the Council to the Assembly and from the Assembly to the Commission of 19 without being given due treatment from neither of the two — a obvious disgrace to the organization. Why is it then that the solution of the question makes slow progress like that? It is because Powers are stationing themselves at an elevated position where they are ready to jump down to any side according to their convenience. It seems that it is generally believed the larger Powers tend to favor the postponement of the solution intending thereby to find a chance for a proper solution. Nothing is more self-conceited.

Of course the larger Powers refrain from condemning Japan so unreservedly as smaller Powers, but their seeming attitude of friendliness is what is prompted by their own convenience and complex mentality. All the world is in fact opposed to our embarking on the continental policy taking advantage of the Manchurian incident, although the expression of their grudge is not always the same.

In the eyes of the world Japan must be a nuisance though in different sense from Russia in character. In fact, to those nations who shut themselves up within the *status quo*, a nation that has unnegligible power and command a bright future, in other words, a nation which is compelled to do away with the existing state of affairs, is quite a heavy burden on their shoulders. Such a member of the world is to them a peace breaker of the world. Notwithstanding the fact that the destruction of the *status quo* under such circumstances has nothing to do with justice and humanity, yet those who are brought to face with such a menace are inclined to cling for their convenience to those insistences. We are fighting at Geneva not to be forced upon such an "equation."

It is not too much to declare that our continental policy is forced on us by the Powers themselves. Anglo-Saxon races on the Pacific have shut their doors tight to us; the freedom of commercial transactions have been swept away from the surface of the globe by what is called economic democracy born of the World War. Had we been enabled to flourish on any coast of the Pacific and get sufficient food stuff, there ought to have been no Manchurian question.

At Geneva we are, as it were, demanding liquidation of what the Powers have committed, and are pressing them to arrest a chance for their obsolution. However, they try to put off the liquidation and obsolution as a disagreeable task. In their view the foundation of Manchukuo can never be consolidated, and this is why they resort to the policy of procrastination. They conclude that in one year or so the Manchurian problem will automatically be solved to their advantage. The kaleidoscopic changes of the Geneva atmosphere make us picture in mind the hands that pull strings behind the scene. There are those who compare the League conferences to a regular movement of a pendulum swinging between pro-Japanese larger Powers and anti-Japanese smaller ones. But this is not a proper way of viewing the situation. Notwithstanding the obvious fact that the invitation of Russia and America is unlawful and politically inadvisable, a ray of hope still lingers in the Powers' minds. It is because they intend (1) to increase thereby more pressure to bear upon Japan (2) to provide for the emergency in case Japan, being unsuccessful at Geneva, co-operates with Russia to creat a fresh trouble. This is Geneva atmosphere in its nakedness. Who would assert the ceaseless changes of Geneva wind as an automatic phenomenon?

Sun Fo Urges Armed Resistance Against Japanese

Commenting upon the Japanese occupation of Shanhaikuan, Dr. C. C. Wu, formerly Minister of Foreign Affairs, expressed no surprise at the news, pointing out that it has long been planned by the Japanese. He would not predict whether the next objective of the Japanese would be Jehol or Peiping and Tientsin. He was sure, however, that the League would deal with the situation in the same dilatory and ineffective way in which it has handledthe whole Manchurian affair. He said that no other course is open to the nation but to offer sustained armed resistance to the new invasion.

Sun Fo, President of the Legislative Yuan, declared that the Japanese attack upon Shanhaikuan constitutes merely the initial step in a far-flung drive against north China aimed at the occupation of Chinese territory north of the Yellow River and the setting up in north China of a puppet Manchu Empire.

In view of this, there can be no other means of saving the nation except armed resistance, he emphasized.

Mr. Sun intimated however that the Millitary Affairs Commission has already completed plans for resistance and national defences. The northern commanders, who will have to bear the brunt of the new invasion, are also determined to resist. The Japanese would not, therefore, find it so easy to carry out their new plans as they did in the case of Manchuria.

Continuing, Mr. Sun said that there could be no reasonable doubt as to the premeditated nature of the Japanese attack. He scouted the allegation that the Chinese were the provacateurs. This allegation is disproved by the very fact that it was the Japanese who entered and occupied Chinese territory.

Mr. Sun pointed out also that the new Japanese move constitutes a bare-faced challenge to the world. While, owing to other pre-occupations, the Powers are not in a position to take drastic action at present, they will sooner or later have to vindicate themselves in face of the growing Japanese menace to the peace of the world.

"Manchester Guardian" Says British Diplomats Are Worried

The *Manchester Guardian* stated in the course of an editorial on the latest development in the Far East, that the new Japanese offensive at Shanhaikuan has been received with palpable concern in British diplomatic quarters. What has already happened is bad enough, but there is a dread of what may follow.

Even the best friends of Japan, continues the *Guardian*, are beginning to doubt whether anything more that does not make the apologist ridiculous can now be said in palliation of Japan's conduct.

Serious Situation in Jehol Area

A recent Peiping telegram called the allention to the fact that the situation at Jehol had become more serious following the Japanese invasion of Shanhaikwan. Both Kailu and Fownsin are in a critical condition. In the former city, Japanese soldiers have clashed with the Volunteers under General Feng Chan-hai. Japanese plainclothes units have been discovered at Fowhsin.

Skirmishes have occurred between the Japanese troops and the volunteers in the vicinity of Nanling. The general belief is that the assault on Shanhaikwan is closely connected with the impending invasion of Jehol.

British Labor Leader Launches Attack on Japanese

"Nothing more cynical and outrageous has happened in my life time," declared George Lansbury, the leader of the Labor Party, in a speech at West Ham, London, Jan. 2, attacking the Japanese attitude towards the Lytton Report. "The Japanese imperialists are determined to flout world opinion, and have already reduced the League to a condition resembling palsy," the aged Labor leader added. Mr. Lansbury said he wanted all nations to ostracize and isolate Japan until she was able to keep her pledged word.

French Socialist Paper Urges Boycott Against Japan

The French policy regarding the Sino-Japanese issue remains unchanged despite the Shanhaikuan hostilities. It still says that the Sino-Japanese dispute should be left in the hands of the League of Nations. The Socialist paper, "*Populaire*," however, again urges that Japan should be threatened with economic boycott.

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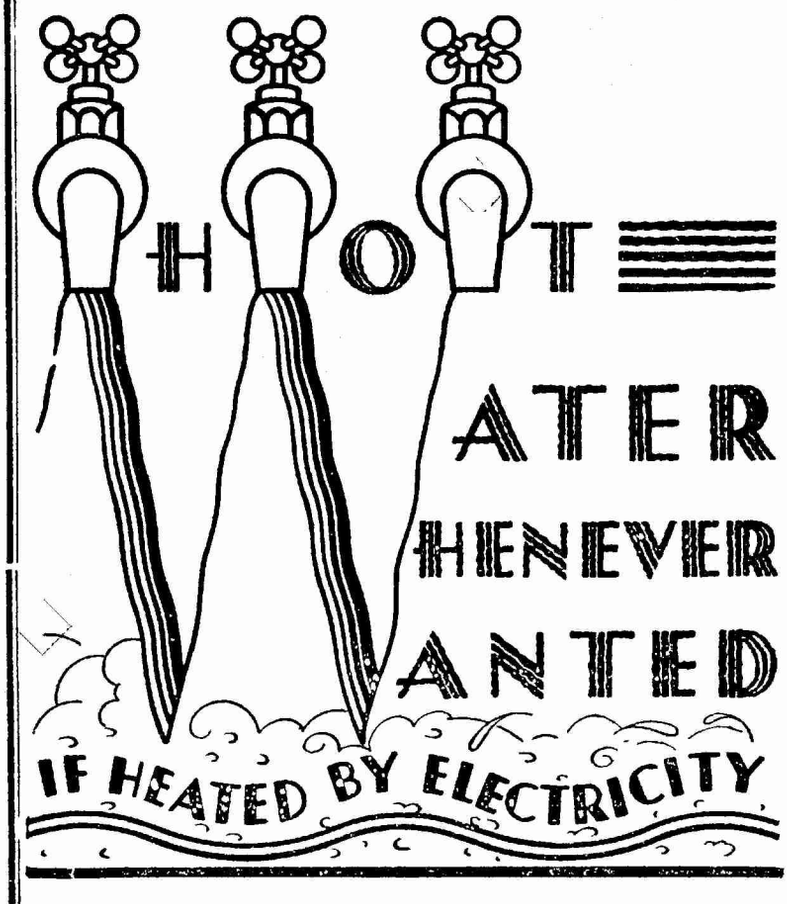

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The Forthcoming Pacific War as Forecasted by Soviets

(The following article dealing with rivalries in the Pacific was written by a man who gave the name "L. Magyar," apparently a pseudonym. It appeared in a publication known as International Press Correspondence, published in Berlin which is generally regarded as an organ of the Third International. The article is reprinted here because of its bearing on present developments on the Manchurian question in the Far East and at Geneva and also its indirect bearing on international rivalries in China which have recently been accentuated due to the resumption of diplomatic relations between China and the Soviets.)

"Already for decades" said Lenin in 1920, "an obstinate struggle has been going on between Japan and America for the Pacific Ocean and the possession of its coasts, and the whole diplomatic, economic and commercial history regarding the Pacific Ocean and its coast districts is full of indications of how this conflict is extending and rendering a war between America and Japan inevitable."

The occupation of Manchuria by Japan forced the imperialist antagonisms between the United States and Japan to the forefront of inter-imperialist contradictions. The press of both countries is engaged in sabre-rattling. The United States has ordered its fleet to the Pacific. In America there is already an agitation for a boycott of Japan. In this connection it must be remembered that about 40 per cent of Japanese exports goes to the United States and of this share about 80 per cent consists of raw silk. The Japanese currency is rapidly deteriorating, not without the "friendly assistance" of the American banks.

The occupation of Manchuria is only the prelude to the dismemberment of China. It is by no means due to chance that Tibetan (i.e. English) troops are advancing into Szechuan, that French imperialism is displaying increased activity in Yunnan and Kwangsi.

The contradictions in connection with the Pacific Ocean, this scene of a new imperialist war, are not confined, however, to the struggle between the United States and Japan.

English imperialism has very big interests in this part of the world and also in China itself. In the Yangtse valley, the interests of English imperialism fiercely collide with those of the United States, as well as with the Japanese interests. Lancashire is engaged in a desperate struggle with Osaka for the textile markets in China and in other countries.

The largest colonies and dominions of the British Empire are situated in the Pacific Ocean. The erection of a military air-base at Singapore is intended to strengthen the position of British imperialism in the Pacific.

The Conflicting Imperialism

Right from the commencement of the present century up to the Washington Conference the diplomatic and military plans of English imperialism in the Far East were based on the alliance with Japan. England dissolved this alliance, under the pressure of the United States and on the other hand out of fear that Japanese imperialism might obtain too firm a foothold in China. The post-war development resulted in the contradictions between the United States and England being pushed to the forefront as the most important in the relations between the imperialists. Thus English imperialism was confronted with the urgent question of seeking an ally against the United States.

In Europe, France is the suitable ally of British imperialism. Japan's invasion of China, the aggravation of the antagonisms between the United States and Japan created a favorable situation for the rebirth of the Anglo-Japanese military alliance. This tendency was strengthened by the antagonism between England and the United States in regard to the question of war-debts, armaments, the re-distribution of the gold reserves and by the struggle in South-America.

There are of course factors rendering difficult the restoration of the Anglo-Japanese alliance. There exist serious differences of opinion in this respect in the camp of the English bourgeoisie. The most important British Dominions, Australia, Canada, New-Zealand, are opposed to a new alliance with Japan.

French imperialism plays an exceedingly important role in the development of events in the Far East. The existence of a close military and political co-operation between France and Japan is a fact regarding which there no longer exists any doubt.

The League of Nations, a powerful instrument in the hands of the French and English imperialists, has afforded and is affording invaluable assistance to Japanese imperialism. At Geneva, Paul Boncour definitely championed the interests of Japan. The French bourgeois press makes no secret of its sympathy for Japan and defends almost unreservedly every action taken by Japanese imperialism. After the publication of the reports, of the Lytton Commission it simply made the Japanese standpoint its own.

France has definite imperialist interests in the Far East: occupation of Yunnan and Kwangsi, extension of its colonial possession, participation in the "economic opening up" of Manchuria, securing the frontier of Indochina, etc.

The main causes of the activity of French imperialism in the Far East, however, are to be sought elsewhere. The co-operation between France and Japan is directed in the first place not against China but against the Soviet Union. The Franco-Japanese co-operation, or the military alliance between the French and Japanese imperialists aims at immediately threatening the land of the proletarian dictatorship simultaneously from the West and the East. The English Conservatives would not fail to support such an intervention.

And finally, in the United States certain imperialist groups are to be found which consider such a solution of the question as the most advantageous from the standpoint of American imperialism, because the accentuation of imperialist antagonisms increase the tendency in the camp of the imperialists to find the solution of these antagonisms at the cost of the Soviet Union.

Therefore there is no problem of Manchuria in itself, for this is a part of the Chinese question, and the Chinese question is a part of the Pacific question. This latter, in turn, is closely interwoven with all world problems, with all the imperialist antagonisms.

Since a new grouping of the Powers became apparent, since it was seen that France has actually entered into an alliance with Japanese imperialism, England has also supported Japan in Manchuria in order to have an ally against the United States. American diplomacy attempted to upset this combination. It endeavored to separate France from England and to buy French support, or at least neutrality, in the Chinese question. The knot of the Pan-Pacific antagonisms has become entangled with the knot of contradictions involved in the Versailles system.

Lytton Report Intensifies Antagonisms

The Lytton Report has not solved but intensified the imperialist antagonisms. This report recommends the transformation of Manchuria into a colony of international imperialism (international police, withdrawal of Chinest troops, appointment of foreign advisers), that all the economic key positions be handed over to Japanese imperialism on condition that the positions of the other Powers remain undisturbed. Under these conditions the formal recognition of China's sovereignty in Manchuria loses all meaning and is only a diplomatic maneuver.

At the same time the Lytton Commission proposes a new commercial treaty between Japan and China, i.e., further economic enslavement of China by Japanese imperialism and (through the most-favored-nation clause) also by international imperialism. For the purpose of combating the Soviet revolution in China, suppressing

the boycott movement and annihilating the Soviet districts in China, the commission recommends a provisional international co-operation, i.e., the establishment of international control over China, and an international intervention.

Japanese imperialism has rejected the proposals of the Lytton Commission and will obviously maintain its stubborn attitude at the League of Nations. The United States has sought to bring about the isolation of Japan by endeavoring to induce first France and then England to abandon it.

The contradictions in the Pacific Ocean form material for a fresh world conflagration. There are three main elements to be distinguished: the contradictions between the Soviet Union and the imperialists, the contradictions between the big imperialist Powers, and the contradictions between the imperialist metropolises and the oppressed colonies. The intensification of these contradictions calls forth a new imperialist war, a new intervention against the Chinese revolution, a new war of intervention against the Soviet Union. The sharpening of these contradictions is the most important factor marking the end of the relative stabilisation of capitalism.

The sharpening of these contradictions, which are inseparably bound up with other world conflicts between States and classes, is one of the most important factors of the transition to the new cycle of revolutions and wars.

Special Committee to Draft Laws for National People's Assembly

The Standing Committee of the C. E. C. at a meeting Dec. 29 appointed the following Party leaders to form a special committee for the drafting of laws and regulations relating to the proposed National People's Assembly (*Kuo-Min-Tsan-Cheng-Hui*), which is to be established next year:—Messrs. Tai Chi-tao. Sun Fo, C. C. Wu, Mou Tsu-chuan, Ku Mang-yu, Chen Kuo-fu and Tuan Shih-peng.

The proposed National Assembly is to function during the Political Tutelage Period in order that the people may have an opportunity of participating in the administration of the country before the inauguration of Constitutional Government. The members will be partly elected by the people and partly nominated by the Government from amongst civic leaders.

The proposed Assembly should not be confused with the proposed National People's Congress (*Kuo-Min-Ta-Hui*) which is to be convened in March, 1935, with a view to adopting a permanent constitution for the country.

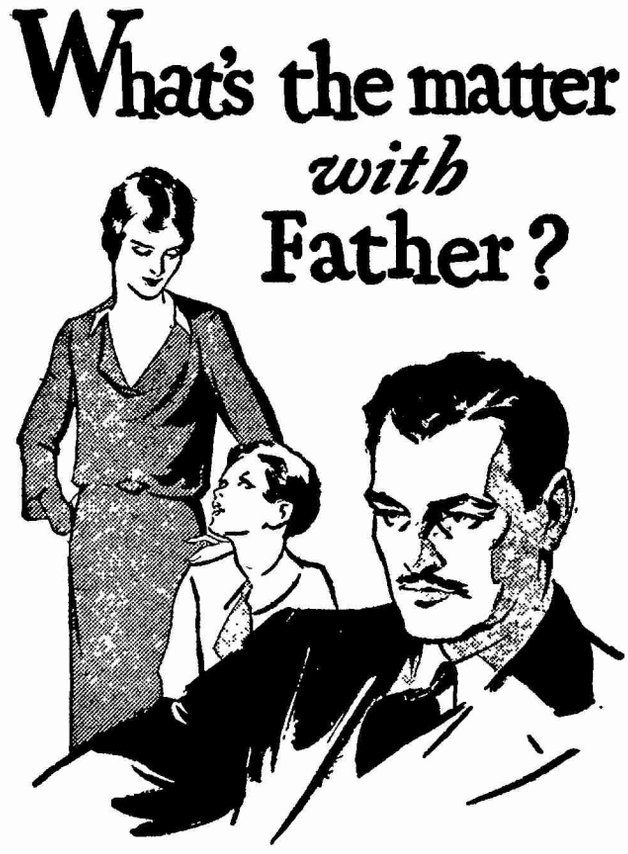
Japanese Girl Clings to Chinese Shoplifter Sweetheart

The *Japan Chronicle* Dec. 29 related details of a scene on the deck of the *Nagasaki Maru* when the ship was about to set sail for Shanghai. A young woman clinging to the sleeve of a handsome Chinese youth was bitterly crying. She was dragged back to the pier by a water policeman but her eagerness to get back was such that two other policemen were needed to hold her. She eventually collapsed. She explained to the police that even though the man, Yao Tiao-pao, aged 27, was a thief and a shoplifter she could not abandon him.

Learning that the man comes from Fukien province, the Kobe police told the woman how badly Chinese there treat their wives, and eventually persuaded her to give up her plan of following her sweetheart to China on the next boat.

Former Shanghai Man Invents Electro-Surgical Knife

A recent *United Press* message from Des Moines, Iowa, relates the granting of a patent for an electro-surgical knife operated by vacuum tubes and without wire connections, to Paul C. Rawls, formerly in charge of the X-ray theurapy department of Andersen, Meyer and Co. Ltd, in Shanghai. It is related that the idea of the invention resulted from Rawls having suffered radio frequency burns when he was making emergency repairs while operating a shortwave transmitter for the United States Marine Corps at Shanghai.



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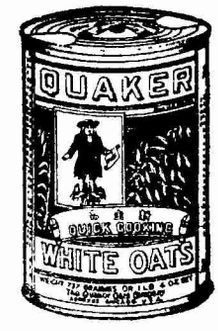

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1932 Was Momentous Year for China's Industry and Commerce

BY HO PING-YIN
(*Director, Bureau of Foreign Trade*)

(Continued from last week)

In Shanghai there were 106 silk filatures before the outbreak of Sino-Japanese hostilities on January 28, 1932, employing more than 48,000 workers. During the fighting one-third of the 31 filatures located in the war zone were destroyed, while the others—including those in the foreign settlements—suffered a temporary suspension of operations with the exception of Jardine, Matheson's.

It was not until June that some slight improvement in the general situation was noted, but even then only nine concerns in the foreign Settlements and 22 in Chinese controlled territory resumed operations. November saw the opening of more factories as the result of Government assistance, but the total number, 65 in all, was small compared with previous years.

In Wusih similarly abnormal conditions prevailed. There were 49 silk filatures formerly operating in that city, but in January last the Hua Hsing Silk Filature (華興), a branch of Yung Tai (永泰), alone was working, though later two other concerns, Hua Hsin (華新) and Chien Sheng (乾甡), were able to resume operations on a small scale. After the season for the spring crop some 20 more filatures opened, taking advantage of the exceeding low price of new cocoons, which were being sold for $12 per picul against the usual price of about $50. Operations were resumed in a very haphazard manner, and half the number of filatures which opened this way soon closed down again.

Of the 28 silk filatures in Hangchow only two—the Hangchow Silk Filature (杭州絲廠) and the Hsiaoshan East Suburb Co-operative Society (蕭山東鄉合作社) were actually in working operation last year. The number of silk weaving factories decreased correspondingly from 60 to 19, with more than 70,000 weavers thrown out of employment.

There were 58 out of the 75 hsien in Chekiang province producing silk, the total annual output amounting to approximately 1,100,000 bales of cocoons equal to about 900,000 piculs of raw silk. Chekiang supplies almost one-third of the silk and silk products of China, and of the total Chinese export of raw silk since 1928, 30 per cent came from that province. Hangchow silk fabrics have been famous since the Sung dynasty (960-1280) and their present diminished popularity is a most deplorable chapter in the history of that city.

Shantung and Kwangtung Also Silk Producers

Next to the two provinces just mentioned Shantung and Kwangtung are noted for silk production. In previous years the Shantung output was not less than 20,000 piculs of raw silk, but this figure was reduced by half in 1932. In the city of Linchu (臨朐) there were formerly more than 300 silk weaving factories, but the number has been reduced by one-third. As a measure of immediate assistance in this critical situation, the floating of relief bonds by the provincial departments of civic affairs, industry and finance is being seriously considered by the provincial authorities.

Silk exports from Kwangtung amount in normal times to more than 60,000 piculs a year, with a total value of about Tls. 50,000,000. In 1931, however, the volume dropped to about 26,000 piculs, while during the first half of 1932 a new record of 9,700 piculs was shown, prices falling to some $400 (Hongkong currency) a picul.

In Namhoi (南海) and Shuntak (順德), Kwangtung province over 2,000,000 people depend upon sericultural industry directly or indirectly for their livelihood. The silk filatures in Shuntak declined in number from 81 in 1930 to 39 in 1932, while output dropped from 40,000 to 10,000 pieces. During the three years from 1930 to 1932 inclusive half the Kwangtung silk filatures were suspended owing to depression and quotations for raw silk dropped from $900 a picul to $450 (Hongkong currency), while the total loss of business was estimated at over $6,000,000. In an effort to remedy this situation the Provincial Government of Kwangtung decided (1) to petition the Ministry of Finance to instruct the Canton Customs authorities to suspend duties and levies on silk and silk products exported from Canton, (2) to request the Central Government to grant loans to silk merchants on the security of silk already pledged to the banks, which stocks would be then hypothecated to the Government, and (3) to apply to the Central Government for permission to form a merchants' association enabling them to regulate selling prices and eliminate competition.

Recently there has been a slight recovery in the silk market in Kwangtung, export to Europe having increased considerably while prices have risen from $400 a bale to over $600 (Hongkong currency).

In connection with the silk slump in Kiangsu and Chekiang, the Ministry of Industry petitioned the Executive Yuan of the Central Government for relief and as a result it was decided that the Ministry of Finance and Ministry of Industry should be jointly responsible for devising effective ways of meeting the situation. Following this decision the two Ministries asked the Kiangsu and Chekiang provincial authorities and Shanghai bankers to co-operate with them in putting into operation.

Remedial measures consisting of liquidation of stocks and maintenance of the cocoon market.

Disposal of Accumulated Silk.—The stocks of raw silk in hand at the end of 1931 was about 16,300 piculs, and of cocoons over 100,000 piculs, valued at over 20 million taels. Most of this stock had been pledged to the banks against advancers, and bankers were anxious about the future of the silk market and their chances of recovering cash advanced to merchants. Eventually it was decided to suspend all export duties and surtaxes on raw silk from May 18, 1932. Subsidies to silk filatures in Kiangsu and Chekiang Provinces were raised $100 to $140 per picul. Silk loan bonds issued by the two provinces were put out to the value of $3,000,000, bearing interest at 6 per cent per annum and redeemable in four years, the proceeds to be used as subsidies to silk mills.

A Registration Committee was established to take charge of registration of accumulated stocks of raw silk and cocoons, examination of stocks, and the issuance of subsidies, and a Marketing Committee took charge of the disposal of stocks by cash sales and through bankers and agents.

Maintenance of Cocoon Market.—Negotiations were opened by the authorities of the two provinces with bankers for loans to silk merchants against stocks of cocoons, for the amount of $3,000,000—$1,800,000 for Chekiang and $1,200,000 for Kiangsu. This measure, however, has not been put into operation in either province. In Kiangsu Committees were appointed in silk-producing districts to take charge of boiling cocoons, expenses therefore, being $500,000 half to be raised from loans from the Kiangsu and Agriculture Banks, and the remainder from the provincial Governments. It was also decided to negotiate with the bankers of the provinces for advances against cocoons to the amount of Tls. 4,000,000.

Most of the measures outlined above have been executed, subsidies being paid to mills from December 25, 1932, while the two special committees are endeavoring to bring about an early return of prosperity to the silk trade.

Registration of accumulated stocks of raw silk and cocoons as at November 30, 1932 showed the following position:—

Accumulated Stock of Raw Silk
(in bales)

Total amount registered	14,696
Sold	1,457
Exported	6,031
In Storage	7,208

Accumulated Stock of Cocoons
(in packages)

Total amount registered	244,093

Under Process (finished)	144,385
Under Process (not fin.)	13,689
In Storage	86,019

Silk Filatured from Registered Cocoons

Approved Stock	8,864	Packages
Exported	3,744	
Sold	296	
In Storage	4,824	

Cocons in Filature (Estimated equivalent in silk)	1,000 Bales
Cocoons in Storage (Estimated equivalent in silk)	6,256 Bales

In spite of the various relief measures taken by the government, there has been no substantial improvement in the condition of the silk industry, due mainly to decreasing demand from the United States in consequence of the closing of 40 per cent of American silk factories, and large accumulations of stock in that country. There seems to be no hope of an early recovery of business unless steps can be taken toward a fundamental solution of the present complicated problems of marketing and improving the standard of Chinese silk.

For very many years tea has been a staple export of China, but this trade faces a situation similar to that in regard to silk. China has lost her tea market abroad on account of the competition of Japanese, Indian and Ceylon leaf, and at home the tea-growing provinces of Hunan, Kiangsi, Fukien and Anhwei had poor crops owing to Communist activities. The sharp decline in the tea trade is revealed by the small export of both black and green tea in 1931, when the total shipment was approximately 460,000 chests, a decrease of about 40 per cent as compared with the export trade of five years ago.

Anhuei.—In Kimen (祁門) and Chiupu (秋浦), the two best-known tea districts in the province, there were last year more than 200 tea firms engaged in buying leaf, which was fetching prices one-third higher than in other places. The actual receipts of growers, however, decreased by almost 30 per cent as compared with the preceding year, in spite of this seemingly favourable situation, on account of a backward crop and the decision of Shanghai dealers not to purchase young leaves for one year.

Green tea is produced in Wuyuan (婺源), Hsiuning (休甯) and Shehsien (歙縣), where there are respectively about 300, 100, and 80 regular dealers. At Tunchi (屯溪), there was an increase last year of more than 300 buyers. Compared with previous periods, however, 1932 was a bad year, a decrease of 30 per cent being shown in the spring picking. In addition to low prices offered abroad, growers have suffered considerably from the loss of Manchurian markets since September, 1931.

Chekiang.—Huchow (湖州), Hsiaoshan (蕭山), Chuki (諸暨) Suian (遂安), Shunan (淳安), Wenchow (溫州), Tungyan (東陽), and Hsinchang (新昌) are the principal places where tea is grown for export. The demand for Chekiang tea has been fairly good, owing to its early growth and also to easy means of transport, and 1932 would have been a protifable year but for the low prices fixed by exporting firms in Shanghai.

Kiangsi.—Black tea destined for shipment abroad comes mainly from places in this province such as Suishui (修水), Tungku (銅鼓), Wuning (武甯), Hokou (河口), etc., but very few buyers arrived last year in consequence of Communist activities. In Hokou, there were only two firms dealing in black tea, though at Shunliang (淳梁), than 60 were found. Green tea grown in this province is less in demand, and there were last year about five buying agencies established in various cities.

Dealers in Kiangsi incurred in 1931 a loss of from 20 to 60 taels per picul on account of the unusually low prices offered for tea.

Hunan and *Hupeh.*—These provinces have long been the largest producers of tea, both black and green varieties, and the export to foreign countries has amounted to over 400,000 chests annually. The slump in the tea trade, however, has been so acute of recent years that exports dropped to only 20 per cent of the former average. Conditions were especially bad last year and these

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two important centres of the trade did not export any of the tea shipped from China during May and June, 1932. The dwindling market and the absurdly low prices offered forced growers in Hupeh province to abandon their plantation and take up the cultivation of cereals instead of tea. Such a state of things has never before been experienced.

Fukien.—The northern part of Fukien, which is the tea district, was menaced several times by Communist bandits last year, and production dropped to almost nothing.

The collapse of the tea trade last year may be attributed to many causes. The Red troubles was temporary, and a minor rather than a fundamental cause. The most important factors were the general fall in prices and the unsatisfactory quality of the Chinese product. The conditions which brought about the low level of prices were due to the manipulation of foreign merchants, and the export of tea from Japan and India at dumping prices. That Chinese growers were not able to keep up to the standard required has also resulted in a considerable shrinking of markets abroad. Unless measures are taken against foreign dumping and improvements are made in growing, it will be not only impossible to recover lost markets abroad, but we shall see the displacement of Chinese lead even from the home market by imported goods!

Due attention has been given by the Government to improvements of the industry. Experts have been despatched to Kiangsi Province by the Bureau of Testing and Inspection of Commercial Commodities, Shanghai, to make investigations into conditions, and plans for effecting improvements have been drafted. The Central Agricultural Experimental Station and the Bureau of Testing and Inspection at Shanghai and Hankow have agreed to undertake joint operation of the former Hsiu Shui Chen Ning Tea Plantation (修水振甯茶植公司), together with a special committee for the promotion of the tea trade. Experimental plantations have also been opened at Lu An (六安) and Kimun (祁門), Anhui province, by the authorities of Chekiang and Anhui provinces jointly. Other similar efforts toward the betterment of the tea industry are being made, and it is only by such activities that a revival of the trade can be hoped for.

Domestic Industrial Conditions in the Face of Dumping

Coal

In spite of the abundant supplies of coal in China the output is very small, while the demand is constantly increasing. For instance Shanghai, the largest coal market in the country, consumed 1,000,000 tons in 1918, in 1924 that amount was doubled, and in 1929 it had increased to over 3,000,000 tons. Over two-thirds of the coal used in Shanghai is imported, Japanese supply forming the largest proportion. Recently, Japanese merchants have tried to dump Fushun coal on the Shanghai and Hankow markets, selling it at about $10 per ton, half the price of Chinese coal.

Shansi, Shantung, and Hopei are the most advanced provinces in the matter of coal-mining. The annual output of coal from Shansi alone has been estimated at 2,100,000 tons, representing 3.6 mille of its estimated deposits. Pao Ching (保晉) is the largest among coal-mining enterprises in Shansi, with an annual output of 40,000 tons. Kwang Hsing (廣興) turns out 30,000 tons a year, while the Tung Pao (同寶) output ranges from 40,000 to 50,000 tons annually. Yu Ching (裕晉) is another company producing about 150 tons of coal a day. In addition to the concerns mentioned there are about sixty smaller ones, most of which are still following native methods of mining. The freight of Shansi coal is the highest in the country, being $7.70 per ton—$6.00 from Kowchuan (口泉) to Fengtai (豐台) and $1.70 from Fengtai to Tankgu (塘沽). The elimination of Shansi coal from domestic markets by Japanese dumping can perhaps be explained by the heavy freight charges which have to be met.

Coal deposits in Shantung are estimated at about 1,500,000,000 tons, and judging by the annual output of the last few years—2,000,000 tons—supplies will not be exhausted within 750 years, but Shantung coal is not of such good quality as that from Shansi. Along the Kiaochow-Tsinan railway the coal-mining center is on the Poshan branch, while on the Tientsin-Pukow line the mines at Tsaochwang (棗莊) are the most important.

Of the 1,600,000 tons of coal produced annually by mines on the Poshan line, 60 per cent is exported, with Shanghai as the largest market, but since the destruction of the industrial district in Shanghai by Japanese troops in January, 1932, the sale of Poshan coal in Shanghai for power-generating has been greatly reduced. Moreover, owing to the fact that Fushun coal is sold at ₹9 per ton in Tsingtao, and the high cost of transport on the Kiaochow-Tsinan railway, outlets for Poshan coal have been closed one after another. Poshan mines suffered seriously from floods in 1931, resulting in the complete suspension of operations in several mines. Unless measures are promptly taken the loss of employment by miners and the ruin of the industry are inevitable.

The Chung Hsing Colliery (中興煤礦公司) has long been one of the most important industrial enterprises in the North. Its annual output has been over 1,000,000 tons, and the coal being of good quality has been supplied to the Tientsin-Pukow and many other railways for locomotives. Strikes and various other difficulties resulting from internal and political changes have worked against the development of the business, and now the company is experiencing new difficulties in competing with Japanese coal, selling at about ₹10 per ton, while the price of Chung Hsing coal in Shanghai is $18.

Cement

The cement industry is new to China, for it was not until the late seventies that the Kailan Mining Administration established a cement-works in the neighborhood its colliery. This was the beginning of the cement industry, and since then a number of plants being established. As the original intention of establishing cement factories in China was to provide a substitute for the imported article, considerable care has been taken for the improvement of quality, which is in no way inferior to the foreign product. But owing to the ing of imported cement this industry is now experiencing serious difficulties, and only by close co-operation between Chinese manufacturers can this industry be kept in a healthy condition.

At present the most important cement factories operating in China are the Chi Hsin Cement Factory (啓新洋灰公司) of Hopei, the Hwa Kee Cement Works (華記湖北水泥公司) of Hupeh, the Kwangtung Cement Works (廣州士敏土廠) and the Sai Tsoon Cement Company (廣州西村士敏土廠) of Kwangtung, the Shanghai Portland Cement Company (上海華商水泥公司) of Shanghai, and the China Portland Cement Company (中國水泥公司) of Lungtan (龍潭). The following is a brief description of each of these concerns:

Chi Hsin Cement Factory.—The works of this concern are situated at Tangshan (唐山), Hopei province, 74 miles northeast of Tientsin and 19 miles from Chinwangtao. It has recently increased its capital to $14,000,000, and its capacity to 1,700,000 barrels. Limestone and clay are available in the immediate vicinity, but gypsum is imported from Belgium and Germany at from $12 to $13 per picul. Coal is obtained from the nearby Kailan collieries. The product of this concern is packed either in sacks or in iron drums of 375 pounds, and sold under the "horse" brand. On account of its fine quality it is in great demand all over the country.

Hwa Kee Hupeh Cement Works.—These works are situated at Shi-hui-yao (石灰窰), Tayeh (大冶), erected in 1910, and originally known as the Tayeh Cement Works. Later, the factory was affiliated with the Chi Hsin Works, being entirely financed by the latter concern. Suitable limestone, clay, and gypsum are abundant in the vicinity, but coal, which is obtained from the Kaiping colliers, costs as much as Tls. 10 a ton. The annual output is 270,000 barrels, sold under the "pagoda" brand, the chief market being Hunan, Hupeh, Kiangsi, and other upper Yangtze provinces.

Kwangtung Cement Works.—This concern is located on the Pearl River, directly opposite the Canton-Kowloon Railway terminus on the eastern outskirts of Canton. Originally built in 1907 by the Chinese Imperial Government, the plant is now under control of the Kwangtung Provincial Government, and includes eight vertical kilns, the daily output of which is about 550 barrels. Limestone comes from Fayu (花縣), 60 miles away, clay is brought from a neighboring island, and the gypsum used is imported. The entire product, which is sold under the "Lion and Ball" brand, is consumed locally.

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Shanghai Portland Cement Company.—This factory is located on the Whangpoo River, some distance from Lunghwa station. The plant, with a capital of $1,638,600, is well equipped with Germany machinery, costing more than $500,000. Limestone is quarried in Chenwanshan (陳灣山) of Huchow (湖州), Chekiang province; clay, from Zushan (佘山) of Sungkiang (松江); and gypsum is imported from abroad. The average daily output is 1,600 barrels (originally 1,200 barrels), sold under the "Elephant" brand. The product is packed in iron drum, wooden barrels, or sacks, and it is chiefly marleted in Kiangsu and Chekiang provinces.

China Portland Cement Company.—The works of this company are located at Lungtun, on the Shanghai-Nanking Railway, near Nanking. The company is capitalized at $2,000,000, and is well equipped with Germany machinery. The daily output of 2,500 barrels is sold under the "Taishan" (泰山) brand. Raw materials are generally obtained locally, and the product is sold in the Yangtze provinces.

Sai Tsoon Cement Works.—This plant was built by the Ministry of Railways early in 1929, owing to the great demand for cement in the construction of the Canton-Hankow Railway, and the inability of the Kwangtung Government Cement Works to supply that demand. The capital of the concern amounts to $1,935,420 (Hongkong currency), and it is equipped with Danish machinery. Limeston is obtained from Hwahsien, and clay from the bed of the Siao-pei-kiang River (小北江). The annual output is 396,000 barrels, valued at $3,300,000.

Paper

Lack of raw material, slow transportation, heavy taxes, and increasing competition have been the four great obstacles to the development of this industry. Paper-making in China has been mainly carried on by manual labor, and factories on an extremely small scale are scattered over many provinces. The total value of paper made in Shantung aggregates no less than $30,000,000 a year, while the production at Shaoshing ( ), Chekiang is worth likewise more than $1,000,000.

Paper-mills equipped with machinery are still a novelty in this country, and the following are the 11 principal establishments of the kind:—

Kwangtung (廣東)	Kwangtung
Kongmoon (江門)	Kongmoon
Yempu (鹽步)	Yempu, Kwangtung
Fukien (福建)	Foochow
Kiangnan (江南)	Shanghai
Lunghwa (龍華)	Shanghai
Tien Chang (天章)	Shanghai
Paoshan (寶山)	Shanghai
Min Sen (民生)	Shanghai
Hwa Feng (華豐)	Hangchow
Li Yung (利用)	Wusih
Hushukwan (滸墅關)	Hushukwan, Soochow
Hwa Shun (華順)	Soochow
Chin Chen (竟成)	Shanghai
Ming Feng (民豐)	Kashing (嘉興), Chekiang
Kiangnan, Branch (江南分廠)	Kaotse (高資), Kiangsu
Hwa Hsing (華興)	Tsinan

The Tien Chang Paper Mill, Shanghai, is the largest of these concerns, having a capital of more than $4,000,000, but for volume of business the Lunghwa takes the lead. This concern has a capital of more than $3,000,000, and has modern equipment for manufacturing *lien ssu* paper.

Perhaps the most important problem which calls for immediate solution in order to effect the full development of China's paper industry is that of raw material. China produces practically no sulphuric acid or soda, while the supply of fir and pine, necessary material for making newsprint has been cut off since the Japanese occupation of Manchuria. This timber is grown in Hunan, Kiangsi and Fukien, but difficulties of transportation, and prohibitive taxes, coupled with bandit activities, have frustrated every attempt at exploitation. In the hilly regions along the upper valley of the Min Kiang ( ), Fukien province, there are very many large forests which could easily supply all the pine and fir needed but for their high prices. Wood originally costing 50 cents has to be sold in Foochow for at least $5.50 in order to cover cost of freight and taxes.

(To be continued)

American Shipping During 1932

BY R. STANLEY DOLLAR
President, Dollar Steamship Lines, United States Lines and American Mail Line

THAT confidence and optimism have returned, not only to shipowners but to all other business and trade activities, is the big factor to be considered in the United States today. Out of the depths of depression the mid-year brought a shadowy, almost imperceptible change for the better. So accustomed to economic hardships, business men of the nation hardly could credit the fact that the upturn had started. Then from all sides seemed to come the glad opinion, "things are getting better". This rose to a cry which swept from Atlantic to Pacific. Then confidence and optimism took command and what at first was but a filmy improvement was nursed into strength, until today the United States is going ahead with a firm, steady stride which eventually will lead to the goal of "good times".

In my opinion this trend toward betterment is not temporary nor is it a mere spurt in business which will dwindle after a certain period. Each day brings new lines of commercial activity which join in the opinion that the backbone of the depression has been broken and that normal times are returning. Re-employment is on the way and that is of major importance. We never will be back to true prosperity until our unemployed once more are busy. Every effort is being made by employers to bring about this happy condition.

That prosperity is immediate, or as so often described as being "just around the corner" is over-optimistic. But, with the confidence which has been reborn in our people by this trend toward good times I feel there can be no failure in the battle of business against an economic depression, such as the United States never knew before in its history. Depression took its hideous toll of bankruptcy and privation; death too being credited to it. The days since the autumn of 1929 are not pleasant to contemplate. But it seems the inroads of this enemy of progress have been checked....Our people are prone to forget the past and face the future with a smiling confidence which can bring them nothing but success. Confidence is an invaluable ally.

Shipping Business Improves

That shipping is looking better and better is an opinion I have reiterated frequently in the past few months. Volume is increasing gradually and I believe will continue to pick up steadily.

Shipowners and operators can afford to take cheer in the trend of the last few months. It is a certainty that we could not have reached a much lower level than observed some six months back. This country's history is that we never stay on one level long; we move either up or down. We had about reached our limit of descent, so upward was our natural course. The minute a revival is noted in any form of business, the transportation industry feels the effect almost immediately. Somewhere some form of transportation benefits. Thus shipping and other forms of transportation are good to watch as a weathervane.

There can be no question but that sentiment among the shipping fraternity in this country is much better. However, shipping men are not unmindful of the fact that there is still much surplus tonnage in the Trans-Atlantic trades, with now Italian lines, the English and French liners and other ships planning to go into commission soon.

The volume of merchant shipbuilding throughout the world for the first time in fifty years has fallen below the 1,000,000 ton mark, as was recently revealed by Lloyds Register of Shipping. Decreases were reported in the quarter between June and September by all nations except Japan, which showed a slight increase. In the case of the United States this comparatively slight decrease may be described to completion of vessels in our government's ambitious merchant shipbuilding program, which was made possible under the provisions of the Jones-White Act. Notable in the 1932 list of completed ships which were built under the beneficent scope of this Act, an aid which did more for American shipbuilding than anything in the history of the industry, appear the United States Lines *Manhattan*, the largest ship ever built in our country; the *Monterey* of the Matson Line, with their *Lurline* rapidly reaching readiness; the Grace Line's *Santa Rosa*, with three sister ships crowding close behind her, and the *Chiriqui, Antigua, Veragua* and *Quirigua* of the United Fruit Company.

That the volume of shipping has fallen to a low not recorded in fifty years may be explained in part by the fact that ships planned before the slump of three years ago have reached completion. In the hitherto depressed state of the world no new ships were contemplated and building naturally was slowed down. It is to be hoped that the trend toward good times will rehabilitate commerce to such an extent that continued shipbuilding at the former rate will be demanded.

When the turn for the better came around the middle of this year, shipping seemed to feel its effect almost immediately. Several big spurts in the Eastbound intercoastal trade (North Pacific to North Atlantic) and also to the United Kingdom were noted, but as is usual with such sensational advances they soon declined. However, by now there has been a good pickup in many routes, notably the Oriental, Hawaiian, Australian and Westbound Intercoastal, all showing steady gains which are holding. Every service in which the Dollar Line is engaged has shown slight accumulative gains in tonnage since mid-summer. Of our country's volume of laid-up tonnage, a bit of it has gone back into service since summer and more may be expected monthly.

Conference Control Restored

Despite previously disturzed conditions it is noticeable that conference control has been restored to a great extent after a moderate breakdown in 1931. In many cases rates have been raised, but of course not to the levels prior to the dissolution of the conferences. However, bulk freights have been and still are moving at very unattractive rates.

Conservative management and cheaper operation are two lessons which came out of the difficult period of the depression. Coupled with the upturn which is now seemingly assured these two elements will be invaluable aids in bringing back shipping to the position it once held. Necessity of retrenchment taught shipowners, not only in the United States, but elsewhere new ways to operate and still provide adequate and efficient service.

Closer co-operation of shipowners of all nations, in trade routes all over the world, is absolutely essential in order to hasten the return of prosperity to shipping. With this accomplished, equitable rates could be established and maintained, thus placing shipping on a firm basis.

In conclusion, I believe that the present rate of gain shown in American shipping is indicative of a material upward trend in business of the world, for the improvement in this industry in one country cannot fail to react favorably throughout the world.

San Francisco, Dec. 15, 1932.

National Salvation Association Urges Chiang Kai-shek to Send Army Against Japanese

That the Chinese Government should sever all relations with Japan is the stand advocated by the National Federation of National Salvation Associations and the Association for the Support of the Northeastern Volunteers, in a joint telegram addressed last week to the National Government, the Executive Yuan, and the Ministry of Foreign Affairs.

With the loss of Shanhaikwan, the message declares, the enemy has penetrated further into Chinese territory. The present situation no longer permits of indecision and hesitancy, and the Government is called upon immediately to declare the severance of relations with Japan, in the meantime instructing the delegates at Geneva to petition the League of Nations for the application of sanctions against Japan under Article XVI of the League Covenant.

In another telegram to General Chiang Kai-shek, President of the Military Affairs Commission, the Associations take the military leaders of the country to task for the present crisis. While the loss of Liaoning may be attributed to unpreparedness, this pretext cannot hold for subsequent events which have culminated in the occupation of Shanhaikwan. "It is therefore, incumbent upon you to lead a large contingent to the front for the defence of the country. We pledge hereby to give you our wholehearted support."

Hongkew Recovers from Japanese Invasion

BY GEO W. MISSEMER

THERE seems to be a general impression that real estate values in Shanghai, and particularly in Hongkew, have been hurt permanently as the result of the Japanese onslaught on Shanghai last year, but we have the world of *Finance and Commerce*, the leading commercial journal in Shanghai, that there has been no sign of any falling off in real estate values here in Shanghai. Not even in Hongkew has there been any drop noticeable in the rental values, and they are the indexes which fix the real estate values. A few dilapidated old-style foreign residences in Hongkew are without tenants, but this is more to be attributed to the fact that the houses are dilapidated than to the fact that they are situated in Hongkew. In one sense—the only sense, it is to be noted; the Japanese occupation was a bit of barbarism—the Japanese onslaught on Hongkew has been a blessing in disguise in that it has brought public attention to the very dilapidated state of the housing generally in that section of the city. Any one who walked through that part of Shanghai last January and February when the bustle on the streets and the gaudy signs were absent and did not distract the attention of the onlooker from the general wretchedness of the buildings—which, thanks to the gregarious instinct, exhibited by mankind in general and particularly by the Cantonese and Japanese, were drawing rents out of all proportion to their value—could not help noticing the tawdry state of the average dwelling in Hongkew compared with most other districts in Shanghai, particularly the French Concession.

A Trend for Betterment

Directly traceable to the exodus incidental to the Japanese invasion of Hongkew is to be noted a decided trend for betterment in the class of buildings in the Hongkew district. Many a Chinese tenant, having once become installed in better quarters in some other part of Shanghai—this applies particularly in the French Concession—was loath to come back to Hongkew, not because of the fear of a further Japanese attack, of which there seems to be little danger, but simply because the rents charged for the miserable hovels that they had been occupying were out of all proportion to their value. In sheer self-defense many a landlord in Hongkew has had to put up a better class of buildings in order to secure tenants in that section, but those landlords that have erected such modern premises—and both Chinese and Japanese have done so to a considerable extent—find that they can charge and secure rentals comparing very favorably with the rents obtained in other, and ostensibly better-located, parts of Shanghai. Indeed, a row of business premises and a block of residential houses, mostly intended for Chinese shops and residences, recently erected in the neighborhood of the brilliantly illuminated Ritz cinema house, are securing tenants at rates which when worked out per square foot of space available, are almost as high as those obtaining in Szechuen road in the Central district. This fact in itself should be ample evidence of the statement that Hongkew has recovered from the effects of the Japanese invasion of a year ago. North Szechuen road between the Post Office and Range road is being rapidly rebuilt, and many of the houses that are being torn down were not damaged at all during the fighting. The buildings that are being torn down are simply twenty years behind the needs of that neighborhood, and many a row of dilapidated old houses, particularly in the Tiendong road area, ought to go the same road. The writer says it in a humorous vein, but it is none the less a fact that a few cannon shots here and there in that area—whether Chinese or Japanese wouldn't have mattered—would undoubtedly have had the effect of accelerating the process of reconstruction in that neighborhood, and it only needs a fleeting glance at the ramshackle aggregations of rotting timbers and awry piles of bricks to see that it is badly needed.

Shanghai, January 11, 1933.

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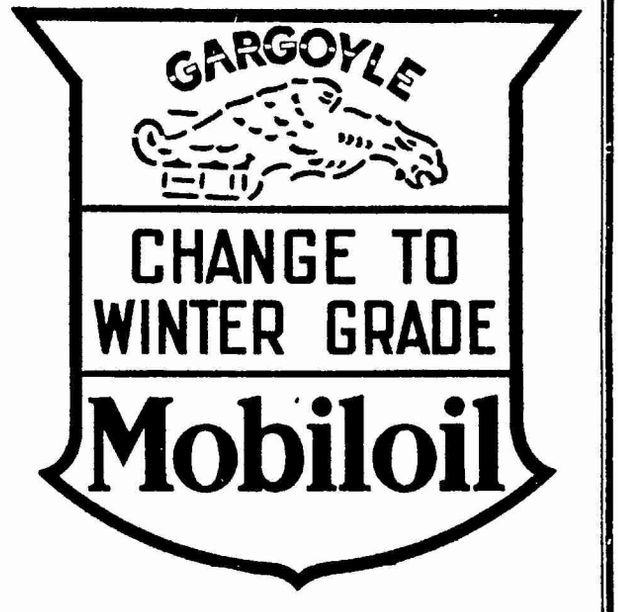

The Shanhaikuan Affair---And After?

BY HOH CHIH-HSIANG

WITH the recent occupation of Shanhaikuan by the Japanese troops after three days of intense fighting, the inevitable has at last happened, but the worst is only at its beginning and is yet to come. As the present Japanese drive into North China is still in its opening stage, one is prompted to ask: How far will Nipponese Militarism go in the Far East—or more specifically, in China Proper? As has been evidenced by the conduct of the Japanese militarists in the past year in Manchuria, the Japanese national mind is strongly characterised by its grim and ruthless determination that once the Japanese embark upon any adventure, they will never cease until they have gained their main objective which in the present case is the annexation of Jehol by their creation "Manchukuo" and secondarily, the conquest of China north of the Yellow River. Any deviation from this course of conduct would mean a loss of prestige to Japan as a great Power which the Japanese Militarists can never tolerate under any circumstances. In view of the relentlessness with which they pursue their object and other equally paramount considerations of conquest and military glory, there is a great possibility that Japan, having already made an initial gain at Shanhaikuan, will surely extend her operations into the Tientsin and Peiping area in order first to eliminate Gen. Chang Hsueh-liang as a power in North China and to bring pressure on Nanking to recognize the alienation of Jehol and her ill-gotten gains in Manchuria. Elated with a sense of gratification that a triumphant entry having been made into China's Great Wall, the Japanese assure themselves that they are there to stay and that the territory this side of Shanhaikuan will be theirs in the eventual course of time. Dreamed of for many years, a vivid vision of a Continental Empire on the Asiatic Mainland is now hovering before their eyes for imminent realization.

Hoodwinking the World

The disastrous and deadly blow on Shanhaikuan, long pre-meditated but equally long deferred for manifold reasons, was delivered at a most psychological moment. The onslaught need occasion little surprise to the world in view of the tense situation prevailing there for a long time, nor are the brutalities and the stark disregard of the elementary considerations of humanity attending it to be wondered at. But what seems to have stunned the world is the dramatic suddenness and the frivolousness of the excuse under which they initiated their long over-due drive. Despite the exemplary patience which the Chinese defense force under Gen. Ho Chu-kuo had demonstrated during the past fourteen odd months after a long series of highly provocative and humiliating incidents to the Chinese, the Japanese have sought no better excuse (for there has been none) than the allegation of the discovery of two "live" or" dead" bombs at the Japanese Headquarters outside of the Great Wall. This mysterious discovery which in its humor and ludicrousness compares as an excellent historic parallel with the equally mysterious bursting of a few rails of the S. M. R. in the fateful night of Sept. 18 last, the Japanese lightly proclaimed to the world as a sufficient justification for the destruction of a peaceful city and reckless slaughter of 3,000 civilian population of Shanhaikuan, besides inflicting a great number of casualties on the Chinese defense force. Japan's intentions and designs on China have, by her conduct and documentary evidence as such as the famous Tanaka Memorial, long been revealed to the world and a *fait accompli* justification seems superfluous. Further, hoodwinking the world by the flimsiest of pretexts is worse than useless. As a Chinese classical saying runs: "If one wants to incriminate another, one is never handicapped by the lack of excuses." This is exactly the case with Japan at the present. What now concerns the world is not their pretexts but their ultimate intentions which, in view of the endless vista of opportunities in vast China, are for the present indeed unfathomable.

The moment presented to the Japanese to strike a serious blow at the doorway of North China is opportune in many ways. In the first place, with the clearing-up of the major forces of Chinese volunteers in North Manchuria following the collapse of Generals Ma Chan-shan and Su Ping-wen, the Japanese are to a great extent relieved of their anxieties in the rear and are therefore, in a considerably advantageous position to operate on the other end of Manchuria at Shanhaikuan. Secondly, while a campaign into Jehol operating from Chinchow presents difficulties in view of the mountainous character of the region which would exact a heavy toll of infantrymen to gain any territorial success, unparalleled military advantages can be gained by vigorous actions at Shanhaikuan which, besides being amenable to the combined pressure of a large concentration of Japanese troops and Air Force stationed there for years, is also within cannon range of naval shelling from Japanese warships lying off the shore at the Pass. Thirdly, the choice of the New Year's Holidays must have also entered the Japanese mind as a most favorable consideration, for the Japanese must wrongly or rightly have presmued that amidst the festival scenes of the occasion at Peiping, there would unavoidably be some amount of lack of vigilance on the part of the "high-ups" at Peiping at this frontier post, the defense of which, even in normal times, had been grossly inadequate compared with its strategic importance. Fourthly, as a fateful coincidence, the attack occurred at a time which synchronised with the resignation and absence from Shanhaikuan of Gen. Ho Chu-kuo as Garrison Commander of the great Pass, which left the Garrison headless and thus offered unexpected opportunities to the Japanese for free and easy action. Finally, the inaction of the League of Nations with the open exposure of its inability and helplessness in dealing with the Manchurian situation and the general apathy of the World, and perhaps the intrigue of two Great Western Powers (as dispatches from Chinese and American sources persistently report that Great Britain and France, in secret understandings with the Japanese, tacitly promised non-interference in and connive at her armed aggressions in China) serve as a further stimulus to embolden the Japanese to speedy and reckless action. Following their usual tactics in the past, after confronting the world with a *fait accompli* situation, the Japanese could easily resort to diplomatic subterfuge to conciliate other nations of the world regarding her aggressions in China which after all are none of their immediate concern. Taking all these circumstances into consideration, could there be any wonder that the Japanese should seize upon this decisive moment to strike the blow? The Japanese are a people who never "sleep over their chance," to borrow a legal parlance.

What Next?

Now that Shanhaikuan has fallen into Japanese hands, what are the immediate next items on the Japanese program of conquest in China? Localisation of the affair is now impossible and beyond the pale of Japanese intention or consideration. As the situation now stands, two courses of action are open to the Japanese to choose: a headlong drive along the railway to Tientsin, throwing whole North China into a theater of war or a switching over to Jehol with Chengteh as their objective and simultaneous action on the Jehol-Manchukuo border at Chaoyang. While the second course of action is more direct in aim and objective than the former the first seems in all probability their ultimate design. From the viewpoint of military strategy, a campaign into North China from Shanhaikuan offers fresh and enormous opportunities to the Japanese and could be executed with facility and ease. Chinwangtao, the first strategic point after Shanhaikuan, is so projecting to the sea that it forms an excellent target for naval shelling from warships and for at least fifty miles from Shanhaikuan westward to Tientsin where the railway runs parallel to the sea in close proximity, the area is hopeless of defense from sea operations of the Japanese. If the Japanese navy should succeed in obtaining a landing at Chingwantao, which is neither difficult nor improbable, the Japanese marines and infantrymen together with the air force can take combined action. In view of the tremendous odds faced by the Chinese, the sheer weight of armaments will weigh down the Chinese defence. Assuming that the Japanese could successfully push their drive down to Tientsin, then the fate of Peiping is sealed and North China will inevitably be plunged into a state of most disastrous and reckless warfare, the horrors and sacrifices of which would indeed be beyond imagination. After that will have happened, what the Japanese will do, whether a restoration of the defunct Ching Dynasty with Pu Yi again on the Dragon Throne under Japanese patronage or the creation of another Puppet Regime in opposition to Nanking, and what the situation of the world will be and whether will it develop to such tenseness as to make inavoidable a second world war fought on China's soil, it is as yet impossible to forecast.

On the part of the Chinese, in face of the present agitated events, there is no alternative but to offer armed

resistance to the utmost of their ability. Patience has been exhausted; conciliation has failed and any more attempt at that will only serve to further stiffen the Japanese attitude and embolden their aggressiveness. As far as the personal interest of Gen. Chang Hsueh-liang is concerned, not to say the welfare of China, he has no choice between surrender and resistance. Despite the exceedingly difficult and delicate situation which many of his countrymen keenly appreciate, but which is brought about largely by his own dissipation, the odium of the loss of the Three Eastern Provinces has already been so overwhelming as to weigh too heavy on his shoulders; he could not possibly bear the further crushing load of the loss of North China without breaking his back. By choosing to resist and not to surrender, Gen. Chang has everything to gain and very little to lose. For through his loss of Manchuria, he, as a military man and high responsible official, has long forfeited his life to the nation. Again for the defense of his last foothold in China, if not for the slightest redemption of his irredeemable conduct, resistance is imperative. It is indeed horrible to imagine the terrors of war in the areas to be affected by the Japanese armed operations, the destruction of peaceful and historic cities of China and slaughter of innocent lives, but what can weaklings do against fate to avoid the inevitable. If the Japanese military is resolved to destroy Peiping and Tientsin to gratify their lust of destruction for destruction's sake and for the purpose of conquest. then better waste no efforts to spare them from destruction. Following the grim precedent of the Russians in the burning of the Kremlin in opposing the conquest of Napoleon Buenoparte, rather than being handed over to the enemy in their present intact and prosperous condition, let them be razed to the ground by ourselves in fighting the Japanese. "Never regret the loss of a thing, when the loss is inevitable" should be the grim determination of the Chinese as a demonstration of their fortitude in facing the national crisis. Moreover, sacrifices are not always without their redeeming features. The onslaught on Shanghai by the Japanese armed hosts, greatly regrettable though it was, was on the other hand, a blessing in disguise, for because of the strong and stubborn resistance offered the Japanese by the valiant 19th Route Army, it has saved a similar fate threatened to many other cities, notably Nanking. Hankow and possibly Swatow. In the present case of Tientsin and Peiping, their sacrifices, if proved necessary, may have equal significance. Not only would the resistance in these two important areas serve to arouse the nation to resolute measures, it may also have the effect of holding in check the further march of Japanese militarism in the Far East. At present, public opinion in China in general and in the North in particular, having been so violently agitated and aroused, can not tolerate any show of weakening or evasion on the part of the responsible authorities which would certainly be interpreted as an act of treachery. In no country in the world and perhaps at no time in Chinese history, are there so great opportunities for high service of the state as are now presented to the Chinese military men. By doing nothing more than their duty—that is, by defending the country against alien aggressors, they can very easily ingratiate themselves upon the nation. While the people have been so ill-humored and disgusted with their internecine warfare for power and territory, they are however ready to endure and never complain of the great sacrifices which they are called to make in defense of their country. Under such favorable conditions, the erstwhile "insignificants" and "nobodies" among the rank and file of China's armed millions can rapidly achieve the role of national heroes and saviors by merely fulfilling the duties of their profession. Aside from these high considerations of welfare of state, pure personal interests and appeal to their human sentiments will make them revolt in their minds and urge them to action. They must have realized that the continued policy of conciliation and evasion is not only futile but dangerous. Instead of arousing the pity of the aggressor as it is designed, it would simply tend to further expose their weakness and hasten the aggressions of the Japanese. Under these circumstances and from every point of view, armed opposition against the Japanese is the only course open to the Chinese and for General Chang Hsueh-liang, the last opportunity in his career to redeem himself. Gen. Chang's future is largely in his own hands and also to a great extent in the hands of Nanking and whether the immediate future is to his success or undoing depends upon his personal resolution and fortitutde in facing the crisis.

The position of Nanking in the present crisis is no more enviable than that of the Young Marshal's in the scene of fighting. Though somewhat remote from the scene

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of fire by hundreds of miles, Nanking at the other end is most accessible to the heavy pressure brought to bear by Japanese Navy owing to its location on the Yangtsze. What measures Nanking as the center of China's authority has taken or has in mind to take in coping with the serious developments in the North remains a mystery to the public, however, one thing that strikes the people with concern and exasperation is the continued effort of affected composure and a sense of resignation to fate almost amounting to forlornness with which the news of the fall of Shanhaikuan found reception in China's Capital city. This startling occurence which stunned the whole country and disheartened the merry-makers of the New Year Holidays, if it did not take Nanking by surprise, has certainly found it with no really high responsible leaders, except the National Seal Keeper and a few Ministers of secondary importance. Another surprising thing is that after the fighting had broken out for three days, which resulted in the fall of the city, the Capital was still without their presence. The Chairman of the Military Commission, the real "Power Behind the Throne" spent his New Holidays at the scene of his birthplace and after being informed of the ominous news, made a hurried trip to Shanghai and then instead of proceeding direct to Nanking, switched over to China's Famous Lake City on what may be rightly called a Lecture Tour to his Party followers in the Chekiang capital. The Acting President of the Executive Yuan was also in somewhat festive mood at Shanghai when appraised of the news of the Shanhaikuan outbreak. By prolonging his stay at Shanghai and continuing his absence from the Capital, several regular meetings of the Executive Yuan over which he has to preside and at which the Shanhaikuan Affair should be placed on the agenda for urgent consideration had to be postponed. After the fall of Shanhaikuan on Jan. 3, he took occasion to issue a statement in which among other things, he expressed confidence that the country would meet the menace with the same courage and fortitude as it had shown in the year just going by. The courage and fortitude of the people are matters which are to be presumed, but this presumption does not satisfy the eager and impatient mind of the people as to what courage and fortitude the Government has displayed in the past year and will display in facing the present crisis. The salvation of China from the clutches of Japanese Militarists lies not in the mere display of "courage and fortitude on the part of the people," but to a great extent depends upon the readiness and determination on the part of the ruling authorities of China to make personal sacrifices in opposing the aggressions with arms. Despite the emergency of the situation and the clamor of the people, the stand and policy vis-a-vis the present Japan's invasion of China has remained a mystery, and the Government's pronouncements in the past have never been co-ordinated with its actions. The cry of "prolonged resistance" has been so cheapened by its senseless repetition that it has lost its total confidence of the people and the meaning in itself. In face of the present fresh Japanese invasion of North China, a determined policy on the part of the Government with "courage and fortitude" is most important both as a positive measure against the enemy and necessary step in pacifying the mind of the people within the country. The Chinese people, as common inheritor of this vast territory of China from their forebears, have the right to demand that the ruling authorities in China entrusted with the preservation of this land demonstrate something more definite and positive than the over-exploited slogans or pitiful appeals for sympathy from the League of Nations, by whose bitter disappointment for already more than a year, they do not seem to have yet fully awakened even to this day.

U. S. War Secretary Opposes Philippine Independence

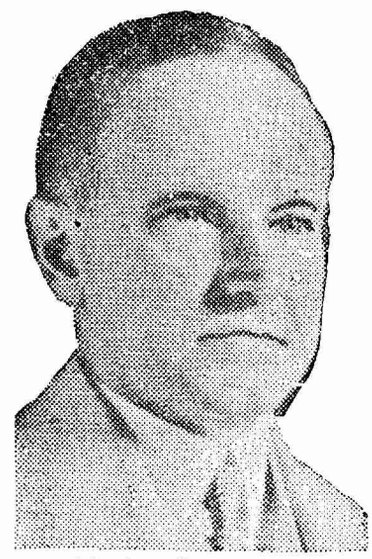
The Philippine independence bill as passed by Congress does not actually grant independence and its principal effect will be to reduce the authority of the United States in the Islands while not reducing the responsibility, Secretary of War Patrick Hurley told President Herbert Hoover at Washington January 4.

The bill as passed permits the United States to retain its naval and military bases in the Islands and this according to the War Department would make the United States responsible for the safety of the Philippines regardless of any neutrality treaties that might be negotiated. The Philippines would be politically free but in event of trouble the United States would be compelled to defend them in order to defend its own bases.

Death of Ex-President Coolidge

Calvin Coolidge, ex-President of the United States, died of heart failure at his home in Northampton, Mass., Jan. 5.

Calvin Coolidge became President of the United States on August 3, 1923, upon the death of Warren G. Harding. In the November elections in the following year, he was elected to the Presidency in his own right by the greatest popular majority on record. Three years later and exactly four years, less a day, from the time he became President, Mr. Coolidge uttered a statement which has since become famous—"I do not choose to run for President in 1928." The announcement at the time caused a sensation, but all persuasion failed and Mr. Coolidge retired to private life on his estate in Northampton, Massachusetts, on March 4, 1929. Previous to his election as Vice-President in November, 1920, Mr. Coolidge had been elected Governor of Massachusetts for two terms. His career up to that time had been a slow but steady rise in politics since the time he entered that field in 1900.



The late Calvin Coolidge, Ex-President of the United States.

Since his retirement to private life Mr. Coolidge had written magazine articles, he headed the President's Railway Committee and he had served as an active Director of the New York Life Insurance Company. During the recent national political campaign he delivered four formal speeches in behalf of the unsuccessful candidacy of President Hoover, his successor. Mr. Coolidge entered the White House just when the nation was shocked by the oil scandals of the Harding Administration. He instituted sweeping economies and while he served the country it knew its greatest prosperity since the world war.

The *Shanghai Evening Post* in the course of an editorial headed "The Man Who 'Sold' Silence." said:

"A paradoxical American national hero died today at Northampton, Massachusetts. For years he lived in the national mind as the embodiment of a characteristic which was not his, and to which he made no more than tacit claim. . . . Enemies of Mr. Coolidge always contended that his reputation for silence had its start in procrastination. Mr. Coolidge was no Teddy Roosevelt, leaping into the fray full-armed and buckling on his armor as he swung his first blows. He kept his powder dry; of that there was no question. And this technique somehow 'brought the breaks,' starting with the famous settlement of the Boston police strike which gave Mr. Coolidge his single strong claim to national attention. Some there were who always insisted that the strike settled itself, but certainly the then Governor Coolidge netted political capital and much public esteem. . . . Unquestionably Mr. Coolidge was a man of definite and sharp limitations, but equally without question he worked within these limitations with an industry, shrewdness and tact, of great service to a nation which will mourn him sincerely."

The U. S. nation observed January 7, as a day of mourning out of respect to the late ex-president. The body lay in state at the Northampton Congregational Church, for an hour prior to the funeral, which took place at 10.30 a.m. on that date. The body was buried at Plymouth, Vermont, where he was born July 4, 1872.

U. S. Corporation Tax Raised---Exemptions Abolished

Cabled information received in Shanghai during the week by Miss A. Viola Smith, Registrar of the China Trade Act, indicates that the rate of American corporation tax for the year 1932 has been raised to 13¾%. Where consolidated returns are made the corporation tax will be 14 ½%. The exemption claimable by domestic corporations under former Item 26 on the corporate income tax returns has been abolished.

Situation in Outer Mongolia

The following article recently appeared in the Tientsin "Ta Kung Pao." The translation is by "Reuter"

Urga, the capital of Outer Mongolia, is the centre of Sino-Mongolian trade. Before the severance of Sino-Russian relations several years ago Urga had a dense population and was the business centre of a vast territory. Following the suspension of communications between Kalgan and Urga after the severance of Sino-Soviet relations, however, Urga underwent a great change, all business being brought to a standstill. Most of the Chinese merchants living there were driven back to China, though some were imprisoned in Urga by the Soviets.

It will be recalled that, when Marshal Tuan Chi-Jui was in power in Peking in 1920, General Hsu Shu-tseng, or "Little Hsu", was sent to Urga as Military Commissioner with full powers over Outer Mongolia. But soon the Chinese troops in Urga were driven out by the White Russians. After "Little Hsu's" defeat, the White Russians held the power in Outer Mongolia, but their reign was brief, for they were soon driven out by the Soviets at the request of the Mongolians themselves. Since then Outer Mongolia has been under the complete control of the Reds. After the formal severance of Sino-Soviet relations in 1929, the Soviets openly established a Soviet Government at Urga.

The organization of the Soviet Republic in Outer Mongolia is based entirely on communism. The Government includes the Department of Interior Affairs, Court of Justice, Department for the enforcement of Law, Department of War, Depatment of Finance and several other minor organs to peform the routine work of government. All the important posts are held by Soviet citizens.

Under the Government are a number of Normal Schools, middle and primary schools for the training of Mongols along communistic lines. Aside from the schools, there are a number of Young Men's Societies whose duties are to conduct communist propaganda among the local Mongolian population.

Outer Mongolia has an army of 120,000 men, 20,000 of which are Russians. The Mongolian troops are not permitted to take independent action, the military power in Outer Mongolia being entirely vested in the hands of the Soviet officials of the Outer Mongolian Government.

Before 1929 there were about three hundred Chinese business establishments in Urga. After China severed relations with the Soviets, however, Chinese merchants in Urga were subjected to various kinds of oppression, notably exorbitant taxation. Those who were unable to pay the taxes demanded were imprisoned until payment was made in full. The business tax was the highest, being thirty per cent of the total capital of the firm. The Peking shop, Tung Ho which had three branches in Outer Mongolia, was required to pay $120,000 in 1929 alone. As a result all the Chinese shops closed down, most of their property being confiscated by the Soviet authorities under various pretences.

There are at present about 30,000 Chinese distributed in different parts of Outer Mongolia, most of them natives of Shansi, Chahar and Suiyuan. They follow different professions, such as tailors, bricklayers, carpenters, silversmiths and coolies. An ordinary carpenter they can earn four dollars a day, house decorators five dollars, silver-smiths six dollars and high-class carpenters eight dollars. In 1931 the Chinese were permitted to remit fifty dollars monthly to their homes in China, but in 1931 they were only permitted to remit twenty-five dollars every month and now no remittances at all are allowed. As a result, although the Chinese workers are earning good money in Mongolia they spend all they earn before the end of the month.

Prices of commodities are extremely high in Urga. The mutton and beef supplies are entirely monopolized by the Russians. Formerly merchandise could be imported from China, England and America. But now only Russian products can be imported.

Chinese merchants who want to return to China have a most difficult time. A limit has been set on everything the Chinese want to bring with them. They are allowed to bring two hundred dollars, six ounces of gold, thirty catties of mushrooms and a pair of silver bracelets. A certain quantity of silk, fur and clothes are also permitted. But anything in excess of the limit is summarily confiscated. On the way from Urga to Kalgan, many tax collecting stations have been established, and the Chinese merchants have to pay taxes at every station. The taxes are very high and sometimes far exceeding the actual worth of the articles itself themselves.

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Men and Events

Miss A. Viola Smith, U. S. trade commissioner, has returned to Shanghai after a six months' tour of the United States and Europe.

H. V. Cooke, American Vice-Consul at Tsingtao, passed through Shanghai during the week, returning to his post, following a vacation in the Philippines.

A Chinese shop proprietor, his son and two assistants were all sentenced to two months' imprisonment at the First Special District Court in Shanghai January 9, for attempting to bribe a court official.

Ralph W. Ring passed through Shanghai during the week, enroute from Portland to Manila, where he will establish the Oriental headquarters of the States Steamship Lines.

January 13 is being celebrated by the Russian community as New Year, the Union of Russian Army and Navy Men and the Russian Benevolent Society sponsoring a ball at the Cercle Sportif Francais.

C. W. Douglass, for 35 years connected with the American Presbyterian Mission Press, which recently disposed of its plant, departed from Shanghai for the United States January 7 on retirement.

At a meeting of the General Committee of the British Residents' Association of China held Jan. 1, H. G. W. Woodhead, C.B.E., was re-elected chairman, and Ronald G. McDonald, was re-elcted vice-chairman.

Cornelius Vanderbilt. Jr., a grandson of the original Cornelius, who some years ago failed dismally in his newspaper enterprises, is among the passengers due in Shanghai Feb. 17, on the round-the-world cruise of the *Empress* of *Britain*.

The Shanghai Trademark Bureau, of which C. Y. Ho is director, has ordered the cancellation of the trademark of the Mai Sing vanishing cream following an application for re-examination instituted by Richard Hudnut in support of its "Three Flowers" brand.

A recent *Reuter* telegram stated that Wang Ching-wei, President of the Executive Yuan, has been discharged from the hospital in Germay and expects to immediately return to China to resume his official duties, owing to recent developments in Shanhaikuan.

Mrs. H. R. Ekins, wife of the manager of the Peiping bureau of the *United Press* and her daughter Dennison departed from Shanghai for New York by the Dollar liner *President Coolidge*, January 17. Mrs. Ekins is proceeding to America in order to secure special medical attention.

R. T. Bryan, Shanghai Foreign Settlement municipal advocate in a recent report revealed that 9,269 cases were prosecuted in the Shanghai First Special Area District Court and the Kiangsu High Court, Second Branch, during December, 1932 and in 90 per cent of the cases the Police secured convictions.

Chih Yuan, Chinese architect with offices at 6 Peking Road, was fined $400 in the Shanghai First District Court Jan. 10, for accepting $3,000 paid him by a teller of the Hong Zang Native Bank through mistake, while he was waiting for his native order of Tls. 100 to be cashed. He has appealed against the decision.

An unidentified Chinese was found murdered with an axe lying on the floor in a small room adjoining the Sincere Company Roof Garden in Nanking Road, Shanghai, shortly after 3 p.m. on January 10. A Chinese painter in the employ of the Garden was arrested on suspicion. He will be brought up before the District Court for trial.

Sir John Hope Simpson, director general of the National Flood Relief Commission; Alexander Hume Ford, Director of the Pan-Pacific Union; and T. C. Hsi, engineer-in-chief of the National Flood Relief Commission, were the speakers at the meeting of the Pan-Pacific tiffin at Ladow's Tavern, Shanghai, Jan. 11. Dr. C. T. Wang presided.

Edward Hunter, former manager of the *Hankow Herald* and more recently Mukden correspondent for *International News Service*, has been promoted and transferred to the *I. N. S.* London staff with a commission as roving correspondent on European affairs. Mr. Hunter's promotion was clinched, according to an article in the latest issue of *Editor and Publisher* by his story on the killing of 2,700 Chinese peasants by Japanese troops, at Fashun, concerning which Mr. Hunter wrote: "There was more evidence than blood-stained clothing. Hundreds of bodies cannot be allowed to putrify under a few inches of earth without betraying their presence."

A Polish youth whose ordinary occupation was pocket-picking was sentenced by the Shanghai Foreign Settlement court, several days ago to a year and a half imprisonment for trying to walk away with a bar of silver weighing over 80 pounds, while it was being unloaded from a truck outside the Chase Bank in Kiukiang Road.

Hinds & Barr were fined three pounds sterling in the British Police Court in Shanghai Jan. 10, for carrying on a "bookmaking" establishment in the Central Arcade in connection with race-track betting. Counsel for the defence pointed out the anomalies of the old act on which the prosecution was based and predicted that Parliament would soon repeal it.

The financial administration of the city government of Greater Shanghai was the subject of a lecture given by T. T. Chen, of the office of the commissioner of finance, at the Shanghai Foreign Y.M.C.A. Jan. 10. The lecture was a continuation of the series inaugurated recently by Mayor Wu Teh-chen, dealing with various aspects of the city government, its present and future plans.

The Commission of Enquiry appointed to deal with the recent widely circulated accusations against the authorities in charge of the Peiping Palace Museum, during the week issued a report exonerating the museum officials from the principal charge of secretly selling art treasures, holding the accusation to be groundless and based upon sensational rumors. It adds that all treasures were checked and nothing was found missing,

Wife of American Air Pilot Killed in Crash Near Shanghai

Mrs. Margaret Mathewson was killed in an airplane crash at Shanghai, on Sunday afternoon, January 8, at 4 p.m. when returning to Hangchow, in the plane piloted by her husband, Christie Mathewson, a reserve lieutenant in the United States Army Corps, and an instructor in the Central Aviation School of the national government at Hangchow, who was piloting Minister of Finance T. V. Soong's Sikorsky amphibian plane, from here to Hangcho w, when the accident occurred. Mr. Mathewson had been detailed to take the plane to Hangchow over the week-end and was carrying his wife as the only passenger. Observers present at the time of the tragedy were unable to ascertain the cause of the accident. He wheeled the plane from the hangar at Lunghwa, apparently cleared the water when the plane dipped and was unable to clear the bank again, and the machine crashed into the mud and wrecked itself. Mrs. Mathewson arrived in Shanghai as Miss Philips, from Philadelphia, Penna, late in December and was married on December 24, 1932. Mr. Mathewson had both arms and one leg fractured and is at present in the Country Hospital, to which place he and Mrs. Mathewson were immediately removed following the accident

Sun Fo Goes to Nanking to Take Over Legislative Yuan

Sun Fo, who came down from Nanking to Shanghai last month, returned to the Capital Jan. 9. accompanied by General Wu Te-chen, Mayor of Greater Shanghai, and by Ma Chao-chun, a former Mayor of Nanking.

It was announced that Sun Fo would assume the duties of the office of President of the Legislative Yuan at once. He was prevailed upon to accept this post at the recent Third Plenary Session of the Central Executive Committee of the Kuomintang.

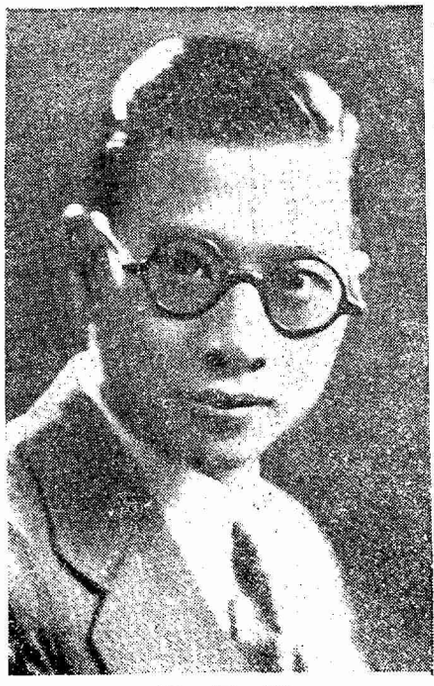
Sun Fo had a lengthy conference with General Chiang Kai-shek at the Sun Yat-sen mausoleum park immediately upon arrival. The Shanhaikuan situation, was the principal topic discussed, according to report.

First Soviet Ship to China Since 1927 Due in Shanghai Soon

The Soviet steamer *Lozowsky*, carrying a mixed cargo of Soviet merchandise, including a large quantity of timber, is due to arrive in Shanghai in a few days. The vessel is now loading at Vladivostok. The *Lozousky* will be the first ship flying the Soviet flag to enter Shanghai or any other China port since the break of Sino-Soviet relations in 1927. A tanker carrying 10,000 tons of Soviet oil products arrived here Jan. 9 from the Black Sea and is now discharging her cargo.

Who's Who in China

Ho Ping-yin, government official, born at Fan-yu, Kwangtung, 1903; studied Political Economy and Municipal Government at the University of California, 1924-27 and received B. A. and M. A. degrees respectively in 1926 and 1927; elected member of Pi Sigma Alpha Society of the University following graduation; founded the Continental University at Shanghai 1928 and served concurrently as dean of the Finance Department and professor of English and Municipal Government; did research work in Municipal Government in Europe, 1929; appointed director of the Bureau of Foreign Trade of the Ministry of Industry and concurrently chairman of the China Steam Filature Raw Silk Marketing Committee for Kiangsu and Chekiang Provinces, 1931; concurrently, he serves as chairman of the Executive Committee, China Commission of Chicago International Exposition in 1933, and director of publicity of the Committee; commissioned by the Ministry of Industry to conduct investigations of national industries and to serve concurrently as editor of a national industrial magazine; author of "Police Records System" and several books on local self-government; address: Bureau of Foreign Trade, Customs Building, Shanghai.



何 炳 賢
Ho Ping-yin

何炳賢，廣東番禺人，年二十九歲，一九二四至一九二七年在美國嘉省嘉尼福尼亞大學習政治經濟及市政學，一九二六年得學士學位，一九二七年得碩士學位，旋被舉爲該大學榮譽學會會員，一九二八年在上海創辦大陸大學，任財政系主任兼英文及市政學教授，一九二九年赴歐繼續研究市政，一九三一年任國際貿易局局長兼國民政府江浙陳廠絲推銷委員會主席，中華民國參加芝加哥博覽會籌備委員會常務委員會主席，兼宣傳處處長，一九三二年七月奉實業部命主辦調查全國實業兼編纂全國各省實業誌總編輯，曾著有警察紀錄制度，地方自治問題等書。

More than Eleven Million of Unemployed in the United States

The mental courage and the physical well-being of American workmen are being wrecked by the depression and unemployment in the Uuited States, which last week reached its peak, according to a statement made by Mr. William Green, president of the American Federation of Labor, in Washington Jan. 9, in announcing the unemployment statistics. Mr. Green estimated that 11,600,000 men and women are now unemployed and the three years of depression have so worn them down that they are losing their initiative and taking the easiest way, namely seeking relief from the regularly organised agencies. This army of persons seeking relief is growing every week, he said, and the need is greater than ever before. A few persons have returned to work in factories while greater numbers have been let out.

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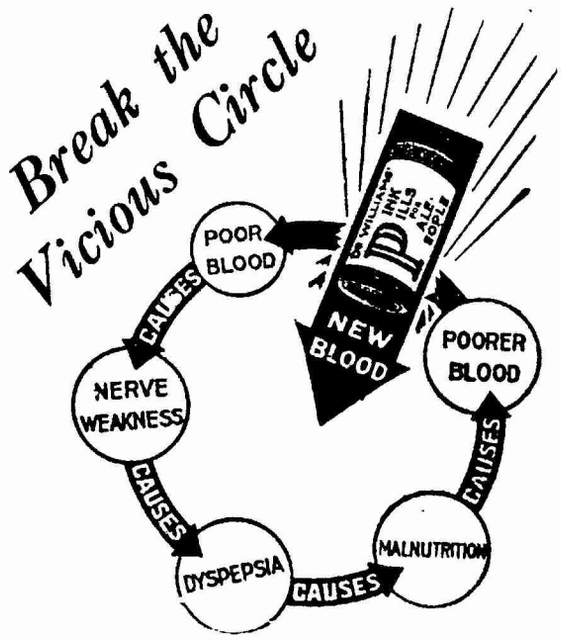
In the United States Court for China

In re. Last Will & Testament of CARSON W. COX, Deceased	Cause No. 3502 Special Proceedings No. 808 NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Crason W. Cox deceased, to present the same with vouchers to the undersigned on or before July 15, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China,
January 5, 1933.

Vercia Pitts Cox,
Luho, Ku.,
China.



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The physical construction of the body is such that no one part can be defective without interfering with the functioning of another. And in turn other parts of the human machine are also thrown out of gear.

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Premature age	Back Pains	Aching limbs
Rheumatism	Sciatica	Women's ailment

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New Books of Interest in the Far East

The Rise of Imperialistic Japan

Diplomatic Relations Between the United States and Japan, 1853-1895, two volumes, by Payson J. Treat; Stanford University Press, Stanford University, California.

These two rather formidable appearing volumes, running to a total of 1,593 pages, could hardly be expected to interest the average reader. Rather, they are a rich mine of source material for scholarly students, but the first volume, nevertheless, is genuinely intriguing because it presents such a detailed picture of the struggle between the Occident in all its imperialistic might and the small and backward, but explosively belligerent, Japanese for domination of the Empire of the Rising Sun. By the end of 1875, when the first volume ends, Japan was well on her way to winning this contest, and the second volume, wherein developments *de facto* were duly made *de jure*, is not so interesting although the concluding chapters that deal with the Sino-Japanese war of 1894-95, in which Japan was definitely launched as an imperialistic power, are extremely readable.

Professor Treat, who is professor of history at Stanford University, does not, it should be added, deal with his material from the viewpoint of this reviewer. He essays only to give very detailed accounts of diplomatic relations between the U. S. and Japan exactly as his title indicates, but this in itself also involves including a vast amount of material on the diplomatic relations between Japan and other countries as well as considerable information about Japan's internal course during the period. Thus the two volumes comprise a very complete history of Japan from the time of Perry's visit to the end of the first modern Sino-Japanese war except that there is lacking adequate information on the economic resources of the Empire and a clear analysis of the blend of feudalism and embyronic capitalism in the so-called "restoration" of 1868.

The attitude of Professor Treat is 100 per cent American and somewhat naive. He appears to regard Admiral Perry as just a "good-will ambassador" and his mission as purely peaceful, whereas it is known from other sources that Perry desired to seize Japan and, although this project lacked the support of Washington, there was every intention to use as much force as necessary to open the country. The fact that Perry did not discharge his cannon does not in any way lessen the part they played in his negotiations.

But regardless of Professor Treat's attitude and his limitations, he includes all the important facts in Japanese-foreign relations during the period with which he deals, and they comprise an eloquent and significant account of modern imperialism in the Orient.

First came the method by which foreigners sought to dominate Japan. This was the simple Roman formula of *divide et imperia;* there were two principal contending sources of authority in Japan at the time of Perry's visit — the Shogunate and the Emperor, — and foreigners generally sought to support the Shogunate against the Emperor on a strictly *quid pro quo* basis. The result, however, was not what the foreigners had hoped for; within a very short time the Emperor became supreme because of his anti-foreign stand although none of the Shoguns could ever have been called a puppet.

The second outstanding characteristic of imperialistic policy was the constant — and successful — effort to prevent any alliance or understanding between China and Japan which, of course, was merely another aspect of the *divide et imperia* formula. One of the first instinctive reactions of the Japanese to foreign aggression was to seek an alliance with their neighbor who was also a victim of the same aggression. One American minister, De Long, frankly stated that "I have always believed it to be the true policy of the representatives of the Western Powers to encourage Japan in a course of conduct thoroughly committing its government against (alliance with China), and by estranging its court from those of China and Korea make it an ally of Western Powers." Wherefore he suggested that Japan be allowed to seize both Formosa and Korea.

At first, of course, western nations obviously hoped to dominate both China and Japan, but as Japan grew stronger she was looked upon as a natural ally in dominating China, — and the full flowering of this process has become quite striking in the year of 1933 A.D.

A third outstanding item in Japan's early foreign relations was the clash of British and American policies. Usually the U. S. played a lone hand, professing purely disinterested friendship for Japan, but she did not hesitate to join in the bombardment of Shimonoseki in 1864 to teach the Japanese that western "rights" must be respected. Certainly in internal politics the U. S. was more neutral than other major powers while England, ever realistically hardboiled, first tried to make a puppet of the Shogun and, failing in that, supported the revolutionists who triumphed in 1868 while the U. S. maintained benevolent neutrality to the Shogun. This was a bold stroke on the part of Sir Harry Parkes for, ostensibily, the Shogun was more friendly to foreigners than the Mikado.

By 1895 the net result of the differences in British and American policy had been that so long as Japan was still suffering from foreign aggression she usually looked to U. S. as her best friend in the west, but after she had achieved nationalism and started to embark on an imperialistic course she became an ally of England and anti-American.

Much brilliant illumination on the sublime processes of imperialism is shed in many chapters of Professor Treat's volumes. For example, in so simple a matter as quarantine regulations, Japanese ports were frequently exposed to epidemics because foreigners would not allow their ships to come under Japanese regulations.

It is also of significance to note that when Perry opened the doors of Japan he declared: "If your imperial majesty is not satisfied that it would be safe to abrogate the ancient laws which forbid foreign trade, they might be suspended for five or ten years, so as to try the experiment. If it does not prove as beneficial as was hoped, the ancient laws can be restored." The then rather naive Japanese took this statement seriously at its face value, but when they faced civil war in 1863 because of complications with foreign powers and considered returning to their old isolation, they found that western nations backed by superior lethal weapons regarded treaties as inviolable and irrevocable!

The long struggle of the Japanese against foreign aggression is vividly revealed by Professor Treat, and here the Japanese people are shown in their most admirable light. The fact that Japan was a small and fundamentally homogeneous country despite the civil wars of feudal lords, and so easy to unite, and also the fact the land was found to be poor in natural resources, and so not worth the cost of conquest, are perhaps the major items in the early and relatively easy (as compared with China) achievement of Japanese nationalism, but a certain splendid explosive quality of the Nipponese deserves Celestial attention and emulation.

To be brutally frank, the Japanese — unlike the Chinese — never permitted themselves to be kicked around by foreign boots without retaliation. Instance after instance is cited by Professor Treat of attacks, many fatal, on foreigners. Some were due to insults and some to actual assaults by foreigners while others had no specific cause, but were due to a general hatred of foreign aggression.

One exceptionally significant example was in 1862 when four Britons, one a woman and one named Richardson, were riding on horseback and failed to show the respect decreed by Japanese etiquette to a passing train of a daimyo. Richardson's companions, evidently worried by his typical British superiority complex, urged him not to "let us have any trouble." To which he replied: "Let me alone; I have lived in China 14 years, and know how to manage this people." Alas, for him, he probably did know how to "manage" the Chinese, but when he tried the same tactics in Japan his life was cut short by a sword thrust while his two male companions were severely wounded.

While it might be exaggerated to say that such Japanese direct action played any qualitative part in freeing Japan from imperialism, there is no doubt that it made foreigners resident in the country treat the Japanese with much more consideration than foreigners in China have ever treated the Chinese.

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Another and less admirable Japanese characteristic is also revealed by Professor Treat in quoting Townsend Harris, the first U. S. Minister, as saying that "they (the Japanese) are the greatest liars on earth." And while this quality is far more outstanding today than the many really fine things in Japanese life, it should not be forgotton — particularly by the Chinese who outnumber the Japanese at least six to one — that Japan was not only the first Oriental nation to achieve national independence, but is so far the only one which can boast of this accomplishment. W. B.

High Society in the Old Chinese Capital

Peking Picnic, by Ann Bridge. London, Chatto & Windus.

A most wonderful book. Little wonder that it gained the *Atlantic Monthly* prize for 1932. Each character is drawn with the acuteness of a diamond point etching and stands out distinct from any other with a coloring and body of its own. The dialogues are fresh and natural and the pettishness of the diplomatic bodies amongst whom the bulk of the action, (and what a spirited action it is), passes, stand out vividly from the backgrounds. The heroine is middle-aged, but never was the eternal woman more skilfully drawn. She has no age and one falls at her feet captivated by her irrestible charm. No less attractive are the four *Kuniangs*, again four very diversified studies, three at least with the sweetest outlines. The whole of the party with their sweethearts or lovers are setting out for a picnic of several days in the near hills, undeterred by the possible approach of a general with a bodyguard of one or two hundred thousand. They get captured by a gang of bandits and the various styles in which bravery can be manifested are brilliantly displayed by both women and men. It seems impossible that the worst fates can be avoided, and the reader must be referred to the delicious book itself to satisfy his interest. Fiction is to be congratulated on the admission of Ann Bridge to its ranks.

R. C.

An American Boy's Adventure in China

Yellow Flood, by William Ashley Anderson, New York: Robert M. McBride & Co.

This is a study of China—China of the great unknown to all the Europeans in it with the exception of about one tenth of one per cent of the foreigners that inhabit it. The story deals with an American and his little son who has had the advantage of being relieved from school from the time the pair arrive in China. The father is connected with one of the relief groups engaged in the distribution of supplies to the distressed natives. By an accident that overtakes their craft father and son become separated, each thinking the other has perished. The remainder of the story is taken up with the adventures of the child who manages to exist in spite of the grievious handicap he incurs and results in intimate pictures of native life that one can believe happening without ever having had the fortune to witness them. The lad grows up to manhood and is on the point of meeting an agonizing fate, when, but this is where you buy the book to ascertain what really does happen.

R. C.

French Financial Policy

Foreign Policy Reports (N.Y.) for December 7, is devoted to a discussion on French Financial Policy, by John C. de Wilde, who says: "At present the French government wishes to remedy its unfavorable balance of trade with Germany. In this connection it will have to decide whether it is prepared to propose a mutual increase in freedom of trade, or whether, it will reinforce its own restrictions to redress the dis-equilibrium in Franco-German trade."

General Su Ping-wen Will Remain in Soviet Russia

In a recent radio message a few days ago to the Peiping authorities, Ho Sheng-ta, chief secretary to General Su Ping-wen, several reported that General Su has telegraphed to Dr. W. W. Yen, head of the Chinese Delegation at Geneva, stating that he is unable to proceed to Geneva but that he will prepare a written report on the Japanese outrages in the Northeast. A reply has been received from Dr. Yen approving this step. Mr. Ho further reports that although the Chinese soldiers interned in Soviet territory find it difficult to earn a living, they are keeping up their spirits.

Shanghai Building Construction Showed Slump in 1932

A considerable decline in the value of construction work undertaken during the last year, is the outstanding feature of a survey of building activities in the International Settlement for 1932. It is estimated that the total value of new buildings for which permits were issued by the Public Works Department of the Shanghai Municipal Council will exceed Tls. 18,000,000 by only a small margin. This is roughly a little less than half the total valuation of new construction for which permits were issued in 1931, of Tls. 37,325,215. The drop in construction work is largely ascribed to business depression, and in the first half of the year to the Sino-Japanese war activities but the effect of the latter had largely disappeared during the last half of the year.

For new construction 2,190 applications received in 1932, a total of 491 were made by foreign builders, and 1,699 by Chinese applicants. And out of this total in both classifications, 1,218 building projects were approved and permits issued.

The largest single item of constructions covered by the permits issued in 1932, was in the classification of Chinese houses, construction of 2,071 of which was authorized. Other building classifications for which permits were issued included 95 foreign residences, three hotels, five apartment buildings, 216 foreign style stores, two theatres, six cotton mills, 28 factories, 27 warehouse and 751 other structures of a miscellaneous nature, making a total of 3,225 buildings, construction of which was authorized under the 1,216 building permits.

Mr. Funatsu Co-opted as New Japanese Councilman

T. Funatsu, director-general of the Japanese Cotton Millowners' Association in China and a former member of the Council, has been co-opted by the Shanghai Municipal Council to fill out the unexpired term of H. Terai, who recently resigned on a plea of ill health. Mr. Terai joined the Council in May, 1932, succeeding K. Fukushima when the latter left Shanghai. Mr. Funatsu will serve until the next municipal elections early in March.

The Council has also elected O. Okamoto, the other Japanese councilman, to fill the vacancies on the Finance, Watch and Traffic committees created by Mr. Terai's resignation.

Many reasons beside ill health have been hinted as the cause of Mr. Terai's resignation, among which have been his reported decided stand against the Council trend of opinion in regard to extra-Settlement roads.

French Liner "Atlantique" Destroyed by Flames

The French liner *Atlantique* burst into flames off the coast of Havre, January 4, the flames spreading with incredible rapidity. The hulk was afterwards taken out to sea with the intention of sinking it, but it was later towed into Cherbourg, where it is now a bone of contention among the salvors. English underwriters are involved to the extent of more than a million pounds. German insurance companies have also suffered heavy losses as a result of the catastrophe. This was the sixth French liner to have been partially or wholly destroyed by fire within the past four years, and there is a growing feeling in France that either there is an organized system of foul play at work to destroy French steamers, or else there is a lack of discipline among French seamen that urgently needs correction. The disaster to the *Atlantique* occurred while the ship was proceeding to drydock for repairs. There were no passengers on board. All the crew were saved, a German ship helping in the rescue work.

Shanhaikuan Affair "Explained" to League

Yotaro Sugimura, Japanese under-Secretary General of the League of Nations called on Sir Eric Drummond, Secretary General, at Geneva, Jan. 4 and gave an explanation of the Shanhaikuan Affair, according to the Japanese viewpoint. Mr. Sugimura said the cause of the recent affair was the provocation by Chinese troops. The Japanese Government, he said is doing its best to obtain a "local settlement" of the incident, while the Japanese army on the spot has already begun negotiations with General Ho Chukuo. Unless "provoked by the Chinese," Japan would do nothing to aggravate the situation and upset the peace of north China, Mr. Sugimura declared.

Latest New York Stock Exchange Quotations

Market—Firm Business Done 1,090,000 Shares

Jan. 11, 1933

1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Mon. Jan. 9	Tues. Jan. 10
9½	1⅝	—	Adams Express	5¼	5⅜
88¼	42½	*6.00	Allied Chemical & Dye	86¾	89⅝
15⅜	4	—	Allis Chalmers	8	8¼
73⅞	29⅝	*4.00	American Can	58½	61¼
15	2	—	American & Foreign Power	7	7¼
38½	5	—	American & Foreign Power 7% Pfd.	11½	11¾
10	1⅛	—	American & Foreign Power Warr.	Unq.	4⅝
27¼	5½	—	American Smelting	12⅞	13⅞
137⅝	70¼	9.00	American Telephone & Telegraph	106½	108⅛
89¾	44	*5.00	American Tobacco "B"	61	63
34½	11	2.00	American Waterworks	19	18¼
19⅜	3	—	Anaconda Copper	6⅞	8⅝
151¾	28¾	*4.00	Auburn Automobiles	52	53⅜
21⅜	3¾	—	Baltimore & Ohio	9⅞	10¾
29⅝	7¼	—	Bethlehem Steel	14½	16¼
43½	20	*2.00	Borden Company	25⅛	25⅝
14¼	3⅜	—	Borg Warner	9¼	9½
20⅝	7¼	—	Canadian Pacific Railway	14⅛	14¼
65¾	16¾	—	Case, J. I.	44⅞	48⅝
47⅞	19	2.00	Chase Bank	36½	37¼
20¾	4⅞	2.00	Chesapeake Corp.	16	16⅜
21¾	5	1.00	Chrysler	16½	16⅞
21	4¼	1.00	Columbia Gas & Electric	17	17½
5½	1⅜	—	Commonwealth & Southern	2⅝	2⅝
1	1/16	—	" Warr.	⅜	Unq.
68¾	31½	4.00	Consolidated Gas of N. Y.	61⅜	61½
9⅜	3⅝	—	Continental Oil	5¾	6
55⅜	24¾	*3.00	Corn Products	55⅝	56⅜
7⅝	1½	—	Coty Inc.	3¾	3¾
3¼	⅞	—	Curtiss Wright Company	2⅜	2¼
18⅝	5	.75	Douglas Aircraft	13	13
57	23	4.00	Drug Incorporated	35¼	36⅜
59¾	22	2.00	Du Pont de Nemours	38⅝	40
87⅞	35¼	3.00	Eastman Kodak	58	58½
48	5	6%S	Electric Bond & Share	19⅜	20¾
16	2¾	—	Electric Power & Light	7	7⅛
5⅞	1	—	Fox Film "A"	2¼	2½
26⅛	8½	.40	General Electric	15¾	16
40½	19⅝	2.00	General Foods	26½	27
24⅝	7⅝	1.00	General Motors	13¾	14¼
28⅝	6⅛	1.00	General Railway Signal	17	17¾
24¼	10⅜	1.00	Gillette Safety Razor	19	19⅜
20⅝	8¼	1.60	Gold Dust	15¾	16¼
29¾	5½	—	Goodyear Tire & Rubber	Unq.	16½
18¾	3⅝	—	International Cement	recd.	Unq.
1⅞	½	—	International Com. Engine.	⅝	¾
34⅛	10⅞	1.20	International Harvester	23⅛	25
12½	3½	—	International Nickel	8⅛	8⅛
15¾	2⅝	—	International Telephone & Telegraph	7⅝	7¾
38⅜	10	—	Johns Manville	21¼	23
19¼	4⅞	—	Kennecott	9¾	10
9½	1/32	—	Kreuger & Toll	⅛	¼
67¼	32⅛	*4.00	Liggett & Myers, "B"	54⅞	57⅛
87¾	18¼	*3.00	Loew's: Inc.	19⅜	19½
18⅝	9	1.20	Lorillard P. Co. (Com.)	12¼	13⅛
11⅝	1½	—	Ludlum Steel	6	6
16½	3½	—	Montgomery Ward	14	14⅝
54½	23¾	2.00	National City Bank (bid price)	44½	46¼
10¼	2½	—	Nevada Copper	5	Unq.
36⅝	8¾	—	New York Central	19⅝	21
43¼	13¾	10%	North American Company	29⅜	30¾
37	16⅞	2.00	Pacific Gas & Electric	30¼	30⅞
5¼	1½	—	Packard Motors	2¾	2¾
11½	1½	—	Paramount—Publix	2⅞	2⅞
23⅜	6½	—	Pennsylvania Railroad	17	18¼
4⅜	1	—	Penn-road Corporation	1⅝	1⅝
8⅜	2	—	Phillips Petroleum	5¾	5⅞
60	28	3.20	Public Service of N. Jersey	53½	54½
12½	2½	—	Radio Corporation	5⅞	5⅞
7¾	1½	—	Radio-Keith Orpheum	3½	3
40¼	26½	3.00	Reynolds Tobacco "B"	29½	30
37⅜	9⅞	—	Sears Roebuck	20⅞	22
8¾	2½	—	Shell Union	5½	5½
13⅜	2¾	—	Simmons Company	7¾	7⅞
12¼	5¼	.40	Socony-Vacuum Corp.	7¼	7½
32¾	15¾	2.00	Southern California Edison	26⅝	27⅞
34¼	7⅝	2.00	Standard Gas & Electric	14¼	14⅝
37⅞	19⅞	*1.00	Standard Oil of N. Jersey	30½	31
18¼	9¼	1.00	Texas Corporation	13⅜	13
26¾	12	2.00	Texas Gulf Sulphur	23⅜	24⅛
7⅛	2⅛	—	Trans America	5⅜	5⅝
36⅜	16½	1.20	Union Carbide & Carbon	27	27⅞
94½	27⅝	6.00	Union Pacific Railway	74	76¼
34⅜	6½	—	United Aircraft & Trans.	26¾	27⅞
14	3½	.40	United Corporation	9⅜	9½
22	9¼	1.20	United Gas Improvement	20	20⅜
10¼	1¼	—	U. S. Rubber	5	5
52⅜	21¼	—	U. S. Steel	28¾	30
23¾	5¼	—	Vanadium	13	13⅞
4½	½	—	Warner Bros. Pictures	2	2⅛
43½	15⅝	—	Westinghouse E. & M.	30	31⅜
45⅝	22	2.40	Woolworth	34¾	35¾
*Plus extras			Call Money	1%	1%

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Japanese Consul Asks Canton Mayor for Explanation

The Japanese Consul at Canton on Jan. 10 demanded from the Chinese mayor Lie Chi-wen verbally an explanation regarding the execution by the Boycott Society of four Chinese smugglers of Japanese goods.

CUSTOMS NOTIFICATION No. 1269

The public is hereby notified that in accordance with Government instructions Heading No. 388 of the Import Tariff of the Republic of China has been modified as from the 10th, January, 1933 to read as follows:

Tariff No. 388: Tobacco, Leaf:

(a) Value over Gold Units 105 per picul, G. U. 14.00 per picul.

(b) Value not over Gold Units 105 per picul: Gold Units 4.00 per picul.

Sub-heading (c) has been cancelled.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Custom.

CUSTOM HOUSE,
Shanghai, 10th January, 1933.

CUSTOMS NOTIFICATION NO. 1268

The public is hereby notified that in accordance with Government instructions tariff heading No. 491 of the Customs Import Tariff of the Republic of China has been modified with effect from the 5th January, 1933 to read as follows:

"Liquid Fuel per ton G.Units 2.90

(Note: Liquid Fuel intended for refining into kerosene oil is subject over and above the ordinary Import Tariff duty to an additional duty of G. U. 23.40 per ton)."

Regulations governing the importation of liquid fuel to be used for refining into kerosene oil have now been drawn up and copies of them may be obtained on application at the Custom House.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 5th January, 1933.

Chinese Eggs Must Pay Heavy Duty Into Philippines

(From the Shanghai Times)

Manila has had a brain wave about Chinese eggs. In future, in the interests of civilization, every egg emanating from a Chinese hen in China will be stamped "From China" upon arrival in the Philippines. Why the stamp should not read "Made in China" is, as the politicians would say, a moot question.

If you have ever attended one of those 60-course state banquets, your attention must have been called to the deep amber mass which came in one of the courses, about half way down the menu. These, you were told, are the 100-year-old eggs which were among the costliest items on the bill of fare.

Under the new tariff at Manila, however, no discrimination will be made between comparatively (up to three weeks) fresh eggs and the century-old variety. "Eggs is eggs" from now on and from the way things are shaping in the Philippines a Chinese egg will soon be as valuable as a museum piece.

Calculations on egg shipments from China to the Philippines reveal the fact that, while under the old law 450 crates of 2,000 eggs each paid a duty of $270, under the new order of things the same number of eggs will have to carry a duty of $2,160, or an increase of $1,187.

With Chinese eggs of the standard, or non-museum, variety previously costing two cents in the Manila markets, anyone who cares to dig out a book of logarithms is welcome to figure out how much more they will cost under the new tariff.

Local egg merchants are reported to be quite concerned over this new development. Manila has for long been one of their important customers, the large Chinese population distributed thoughout the Philippines being the principal consumers. Protests against the revised levy are expected from both this end and the various Chinese Chambers of Commerce in the South.

The National City Bank of New York, Rates of Exchange

Shanghai, Jan. 11, 1933.

Demand selling rate on America:	U.S. $1.00=Sh. $5.0421
Demand buying rate on America:	U.S. $1.00=Sh. $4.9473
Demand selling rate on London:	£1.0.0=Sh. $16.919
Demand buying rate on London:	£1.0.0=Sh. $16.564

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